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WEST EUROPE

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VRANITZKY'S STAFF OF PERSONAL ADVISORS PROFILED

Vienna PROFIL in German 9 Jun 87 pp 26-27

[Article by Christoph Kotanko: "The Chancellor's Office"]

[Text] There were whispers about a "Lex Vranitzky" in the office of Vice Chancellor Alois Mock when there was talk at the Ballhausplatz last week that Federal Chancellor Franz Vranitzky would appear with four secretaries at the government retreat in Pertisau.

Shortly before, the chancellor's office had informed all departments in a circular that only one assistant per minister was planned.

Mock's staff reacted quickly. His accompanying staff was also increased.

When the ship of government lands at Tyrol's Lake Achensee on Wednesday and Thursday of this week, Vranitzky does not want to be without his customary protective company.

There are a total of six tailor-made staff members in the chancellery: Max Kothbauer is the chief of staff, Karl Krammer is public relations man for the media and the SPÖ, Eva Nowotny takes care of foreign policy, Hans Salomon of parliamentary affairs; Rudolf Scholten does economics, and Johann Sereinig the administration of the Vranitzky office.

With them, a new style has moved into the second floor of the chancellery. There is no longer a tough intriguer around like Hans Pusch under Fred Sinowatz, and gone is the plain solidity of a Herbert Amry during Bruno Kreisky's time.

Both in style and action, the preferred model is now Hannes Androsch--albeit without the ill repute of the model.

In demand are cool heads who do their jobs with discretion, energy and efficiency: "There is no goofing off" (Kothbauer).

They are mostly around 30 years of age, address the chief formally as "Sie",

and with allowances they earn between 20,000 and 30,000 schillings per month, depending on their status.

The yuppies are bobbing up and down on the career diving board. As the past shows, the boss takes care of his own. Toil is rewarded--one gets an attractive ambassadorship, another a place high up in a state bank.

Hans Salomon, ex-diplomat in Helsinki and Stockholm, and Eva Nowotny who spent 3 years at the Austrian embassy in Cairo and 6 years at the United Nations, are civil servants. They were already on board under Sinowatz. The difference between the former and present chief: "Sinowatz was less interested in looking at the wide world" (Nowotny).

The fact that Franz Vranitzky, despite the turbulences over Federal President Kurt Waldheim and massive interference by the OeVP coalition partner, managed to make his U.S. trip in May and make brownie points, at least in the media, is also due to the slim legation councillor. "After Kreisky, Waldheim was the only face of a politician from Austria that the Americans got to know," she defends her support of the Vranitzky introduction [to the United States].

Nowotny's role is particularly tricky. She cannot very well build up a structure parallel to the Foreign Office dominated by the VP; on the other hand, the chancellor does not want to be dependent on the filtered information which his vice chancellor passes on to him.

Although the Ballhausplatz avers that there is an active information flow in the coalition and no opposite currents--now and then Vranitzky must show his flag also in foreign policy.

For example, when Nowotny reported that the Arab ambassadors in Vienna were perturbed because of Mock's Euro-political leanings, Vranitzky invited the ambassadors to a dinner and made it clear that the Near East is of undiminished interest to the federal government.

Nowotny, a historian by training, will be busy during the coming months with the preparatory work for the 1988 anniversary year of the Annexation. "The yardstick applied to us will be very critical," she says, after Reder, Watch List, Waldheim, Bartesch. Her concept for Vranitzky plans to draw a span from 1918 via 1938 to 1988.

She does not venture to guess whether planned appearances by the federal chancellor, for instance, at a symposium on displaced intellectuals, will polish the marred reputation of the country: "Historic omissions probably cannot be made up for by ever so many gestures."

Nowotny's colleague Krammer is responsible for proper media coverage when Franz Vranitzky does his thing.

The economist from Floridsdorf, who studied in Bologna and was a disc jockey at Radio Adria for two summers is, like all other secretaries, only on loan to the chancellery.

He was recruited from the Creditanstalt, Scholten from the Kontrollbank; Sereinig and Kothbauer belong to the Laenderbank. The republic refunds their salaries to the home banks.

Krammer's job is to "sell" Vranitzky, but not at any price. "Home stories" and pictures of Vranitzky's family life at home on Sieveringer street are expressly forbidden.

Nonetheless, business is good. There is almost a Vranitzky euphoria on radio and television. "Whoever has slaved for years over Sino and Mock, knows why" (an ORF reporter).

Ever since the chancellor gave up his lengthy and involved sentence structure, the suffering of newspaper journalists on the job has also been mitigated. Explosive interviews are first played back at the office. A particularly intensive training preceded the trip to the United States. The question causing Vranitzky the greatest headache was not asked, after all, by the reputedly tough Americans--namely [the question] about Waldheim's most private handling of the truth.

Unlike some of his predecessors in the public relations office, Krammer eschews the luxury of private feuds with media people. Letters to the editor and corrections are drafted only in extreme cases.

At present, he has troubles in-house. Section chief Herbert Neumayer, long-time manager of the Federal Press Service, feels himself shunted aside by the newcomers in the Kaunitz Palace.

Recently, the long-serving "black" [conservative] ministry official complained that he had to clear every trifle with Krammer: "At some time, everything has its limits."

Krammer, not wishing to risk a constant quarrel with civil servants, is placating: the Federal Press Service, a giant apparatus with dormant reserves, should be made more efficient; reforms simply tend to cause frictions.

Behind the quarrel are the reservations with which status-conscious civil servants approach the newcomers in the front office.

Politicians and their secretaries come and go. The civil servants stay.

Vranitzky's crew is familiar with these problems from the days in the Finance Ministry. Cabinet chief Max Kothbauer looks back: "But I am vain about the past that we were mostly able to overcome this latent opposition."

Kothbauer is Vranitzky's chief coordinator. And, although on paper it is not one of his responsibilities, he has the closest ties to the SPÖ.

The nephew of former Health Minister Ingrid Leodolter, he belongs to the party aristocracy, he is "one of us," it is said in Loewel street.

The culture freak, accompanied on his career by a flashy abstract [painting] by Markus Prachensky belonging to the Laenderbank, maintains for Vranitzky a vestige of relations with resentful former honorary chairman Kreisky. Kothbauer continues to have a "very strong relationship" with the Old One and says: "The Social Democrats' biggest mistake in recent years was to have joined in the stupid criticism of the Kreisky era."

The cabinet chief also knows what is going on today between former vice chancellor and finance minister Androsch and his former secretary Vranitzky: "There is a close, personal friendship. But I do not see it influencing government business."

Kothbauer was a socialist from the beginning. Krammer and Sereinig (from Corinthia) were "socialized" in the Association of Socialist Students.

Rudolf Scholten, Vranitzky's expert on nationalization, is not even a party member.

Upper class in descent and habits, he believes that "the necessity for a party family tree has dwindled rapidly."

Holding party membership for him is "a very personal matter which has no connection with this job."

Lawyer Scholten describes Vranitzky's relationship with his advisors as "relaxed, but with distance."

The banker's dry and sometimes mocking manner was also experienced by Johann Sereinig in spring 1984.

Vranitzky had the native of Villach, at that time employed in the personnel department of the Laenderbank, brought to him, offered him the job as his personal secretary, and dismissed him after a short interview with these words in English: "If you don't agree, you are wrong."

Since then, Sereinig copes with the chancellor's mail and sorts out the daily mountain of 200 or 300 letters, intercessions, pleas, and insults.

The voluminous Draken expert opinion from Styria also landed first on his desk and had to be put into digestible form.

Vranitzky does not like lengthy reading. He demands prepared information; a short version suffices.

The team is called together for consultations on a moment's notice; set times are rarely established.

The secretaries are free to decide what ends up on the chancellor's desk. Mishaps sometimes cannot be avoided.

For example, when the members of the Travel Bureau's workers' council turned to the cabinet in spring and threatened to go on strike if the fired directors should actually receive considerable amounts of retroactive pay, the written threat was not taken seriously at first.

Only a second thrust by the furious special interest representatives mobilized the chancellery team.

Vranitzky likes to provoke debates among his aides in order to weigh their arguments: "In a secondary way, we are the public for him" (Krammer).

Rivalries as to who appears in the best light are unavoidable, "but are not to be understood in the sense of winning and losing," stresses Kothbauer.

The secretaries do not believe that they influence national decisions or that they can "manage" the chancellor, so to say.

"The question is not to what extent the chancellor is being influenced," Scholten says with modesty. "Our influence is limited to the fact that we spend more time with him than others do."

9917

CSO: 3620/257

OIL, EC TIES DOMINATE STORTING FOREIGN POLICY DEBATE

Oslo AFTENPOSTEN in Norwegian 10 Jun 87 p 3

[Article by Alf Seeland and Einar Solvoll: "Europe On Storting Agenda"]

[Text] "There is an obvious connection between our foreign policy and our oil policy. Our petroleum resources have strategic importance and have given rise to increased interest in our policy on the part of our close allies," Prime Minister Gro Harlem Brundtland stated yesterday during the foreign policy debate in the Storting.

The prime minister emphasized that Norway's importance has grown as our oil industry has developed, and she also reiterated that we are now at a juncture in world history where the pace of development between countries is more rapid than ever before.

"We have had a broader range of contacts with those countries whose companies are operating on the Norwegian shelf and with those countries which import gas from Norway. Our decisions and actions have had greater consequences and presuppose a subtler and thereby a more aggressive and demanding foreign policy effort on the part of Norwegian authorities," the prime minister asserted.

Europe Debate

The Storting got its first taste of the coming Europe debate yesterday during the foreign policy debate when Kare Willoch (Conservative), the chairman of the foreign policy committee, suggested that Norway risks having less influence on European policy as the EC increasingly coordinates its policy. In this he was supported by Reiulf Steen (Labor) and Harald U. Lied (Conservative).

Kare Willoch stated that if Western Europe increasingly takes its fate into its own hands through the EC, and uses the EC to clarify common European policy in ever more areas which affect us--including security policy--then that means our influence in the decision-making process will progressively lessen.

Reform Work

The chairman of the foreign affairs committee also devoted much attention to the so-called reform work in the Soviet Union. He characterized it as a hope of making an economy more efficient and modernizing a society paralyzed by ideological dogmatism.

Liv Aasen (Labor), vice chairman of the foreign affairs committee, was pleased to be able to state that today we stand before a door opening onto a new era in which disarmament agreements are no longer just agreements about verified armament, but genuine disarmament.

Must Be Expanded

Kjell Magne Bondevik (Christian People's Party), a candidate for the foreign ministry post in a future nonsocialist government, reminded the Storting that we traditionally say that the most important thing about our foreign policy is ensuring Norway's interests.--But our involvement must be expanded: We shall help narrow the gap between rich and poor countries, we must work hard for peace and disarmament. Because we chair the UN commission on environmental development, we have a special responsibility.

12789

CSO: 3639/75

OIL SEARCH MAY INCREASE STRATEGIC IMPORTANCE OF POLAR AREA

Barents Sea Drilling Starts

Oslo AFTENPOSTEN in Norwegian 15 Jun 87 p 22

[Article by Erik Veigard: "Saga Exploring In Barents Sea"; first paragraph is introduction]

[Text] Activity is in full swing on the drilling deck of the "Ross Rig" which is located 72 kilometers northwest of the North Cape and is drilling the first Norwegian exploratory hole in the Barents Sea. Currently drilling has reached 764 meters and in one-and-a-half weeks an interesting depth of 1,200 meters is expected to be reached.

Hammerfest--Saga Petroleum is the first Norwegian company to have started oil and gas exploration in the Barents Sea. Since 29 May the "Ross Rig" has been drilling in block 7124/3. Great excitement attaches to the drilling, which is going on in one of the truly major geological structures on the Norwegian shelf.

The block Saga is drilling in is located 72 kilometers northwest of the North Cape, in an area which has been called Finnmark West. In one-and-a-half weeks, the most exciting depth of 1,200 meters beneath the surface of the sea will be reached.

"If we find oil here, then there is every prospect of a major find," said Knut Aanstad, the head of Saga's Harstad office. The geological structure being drilled is a full 300 square kilometers in size. But even if Saga is not slow to express its optimism, it is still clear that an oil find in one-and-a-half weeks is not enough to justify saying that there is a profitable field. Little is known about the geology of the Barents Sea, and several drillings are needed before a statement can be made with any certainty about the worth of a future find.

Regardless of the results Saga achieves when it reaches 1,200 meters down into the closed geological structure, the "Ross Rig" will continue drilling until it reaches the 4,500-meter level so as to obtain the best possible information about the geology of the area. When Saga is done with its hole in September,

Statoil will take over the rig to drill in strategic areas I and II. At the end of June, Norsk Hydro will arrive in the area with "Polar Pioneer" to drill in strategic area III. The current program of exploration in the Barents Sea calls for five companies to drill a total of seven holes by August 1988. Drilling will take place in Finnmark West, Bear Island South and the three strategic areas.

"Ross Rig" is owned by Ross Drilling, Inc. of Sandefjord. It is a brand new rig built for year-round activity, down to -20° C. "Polar Pioneer" is a year-round rig also, so activity in the Barents Sea will go on both summer and winter, something local political authorities have said greatly satisfies them.

Complicates Foreign Relations

Oslo AFTENPOSTEN in Norwegian 17 Jun 87 p 64

[Article by Flemming Dahl: "Hunt For Oil Underway In Possible Military Hornet's Nest"]

[Text] With the recently begun exploratory drilling in the Norwegian part of the Barents Sea, oil activity has entered an exciting area in more than one regard. The vast sea in the north is thought to be particularly promising with regard to oil finds and also to be a military hornet's nest in the event of a critical East-West situation.

The oil exploration up north is being followed with high expectations in oil company headquarters in cities such as Stavanger, New York and Paris. But the exploration, as just a second activity in the area, is most probably being watched over by foreign policy politicians and military experts in cities like Washington and Moscow.

According to the usual definition, the western limit of the Barents Sea follows a line from the North Cape through Bear Island to Spitsbergen. Norwegian exploration has barely gone east of this line, inasmuch as during the 80's a number of holes were drilled on the Tromso floe west of the line, mainly resulting in major gas finds.

The Russians

Much further east in the Barents Sea, the Russians drilled some holes in the 80's, so far as is known in Norway without making finds of notable size.

Between the Soviet and the Norwegian exploratory areas lies that part of the Barents Sea about whose division the Soviet Union and Norway have still, after many years of negotiations, not reached agreement.

Norwegian authorities have made it clear that Norwegian exploration will be conducted at a good distance from the disputed part of the Barents Sea. But earlier suggestions that exploration could be carried out only by Norwegian companies have proven not to be correct. While the Norwegian firm Saga

Petroleum began drilling a few weeks ago, the American firm Mobil and the French firm Total together with the Norwegian firm Norsk Hydro and the Norwegian state-owned Statoil are getting ready to drill in the Barents Sea and the adjoining area.

The Russians are assumed to want primarily to find oil in the Barents Sea because they are sitting on vast gas deposits in Siberia. Norway has made it clear that oil is at the top of its wish list, given the large quantities of gas found on the Tromso floe and in the North Sea.

Submarines

Not the least of all, the Soviet Union's build-up of strength in recent years has turned the Barents Sea into one of the world's most central arenas for submarines and other naval vessels. "In an East-West military conflict, this area is one of the two or three most sensitive imaginable," said a Norwegian administration source.

Oil exploration in the Norwegian part of the Barents Sea has gotten underway during a six-month period in which Norwegian authorities seriously maintained that they see a close connection between Norway's oil and gas policy and the country's foreign policy. This happened on the heels of earlier reluctance on the part of authorities to mix the two together.

As recently as last week's foreign policy debate in the Storting, Prime Minister Gro Harlem Brundtland pointed out that as both a Western industrialized country and a petroleum producer, Norway is in a complex interest situation. She said it was important for us "to have a conscious relationship to the connection between our foreign and our petroleum policies."

Complications

A number of circumstances have made authorities see foreign policy and petroleum policy as two sides of the same coin. Some of these circumstances include Norwegian cooperation with other producer countries to keep oil prices up, Norway's sale of gas on long-term contracts to European countries, and the presence of foreign companies on the Norwegian continental shelf.

But oil exploration in the north and the fact that Norway and the Soviet Union are neighbors are important elements in this relationship as well. Some are uneasy and worry that the disputed part of the Barents Sea will remain disputed and that finds made on either the Norwegian or the Soviet side can stretch into the disputed part. This, they think, can create complications between Norwegians and Russians.

Foreign Minister Thorvald Stoltenberg might have been thinking of this on 1 June when he reported the following to the Storting:

"Resolving the boundary question for the sea and shelf areas in the Barents Sea will be important for the further development of our neighborly relations with the Soviet Union and for the situation in the northern areas generally."

12789
CSO: 3639/75

CONTINUOUS ADVANCE OF GREENS IN POLLS WORRIES OLDER PARTIES

Nonsocialists See VPK Inspiration

Stockholm DAGENS NYHETER in Swedish 24 May 87 p 3

[Commentary by Kaa Eneberg: "'Dandelions' Causing Uncertainty"; first paragraph is DAGENS NYHETER introduction]

[Text] The advance of the Greens in voter opinion is causing increasing concern within the traditional parties. They are all polishing up new and voluminous environmental programs in order to meet the threat from the dandelion party.

"They simply must react bitterly toward us. That is of course built into their party organizations."

This is how the environmental party strategist Kjell Dahlstrom summarized the views of the established parties on what is for them a worrisome addition to the party flora.

Bitterness can be expected to increase if opinion polls continue to point toward the possibility that in the 1988 election the Greens have a chance to cross the magical four percent threshold into the Riksdag.

Does Not Reach Out

But behind the bitterness in the views toward the environmental party there is also strong concern and disappointment. Despite all the externally oriented so-called initiatives (Environmental Department, seminars, campaigns) the traditional parties have not succeeded in attracting the growing environmental awareness.

"The trouble is not that we are not doing anything, but that we are having difficulty in reaching out with what we accomplish," said one Social Democrat.

That reaction was clearly demonstrated by Prime Minister Ingvar Carlsson when he recently warned about small parties in the Riksdag. He said he had a difficult time understanding a party which did not ideologically profess its colors by at least talking about whether it wants "a Social Democrat or a

Conservative for prime minister."

That disparaging statement caused internal criticism, not because most do not think like Ingvar Carlsson, but because it seems like bad tactics to speak the truth before the election campaign has even begun. The big guns should be saved until they are needed.

Hard Pressure

All are inclined to be positive, and to see the six-year-old party as an "alarm clock and a challenge." Party strategists therefore recommend a generally good-natured attitude, while party members at the grassroots level are flogged into winning the hearts of the friends of the environment.

The strategy of all the parties for stopping the environmental party is to work to be the most convincing in making the environment the most important ingredient. They are doing this by giving the environment a leading position in all the coming party congresses, of which the Left-Party Communist [VPK] is now the first. This also includes the parties which do not outwardly admit their concern about the environmental party.

Choose Sides

When the last vote, the Conservatives', has faded away on 26 October in Malmo, all the parties will have presented voluminous environmental programs. In all probability all will appear to be more responsible and carefully thought out than that of the environmental party. The enthusiastic members of the environmental party who were the first to show their cards at their congress on Ascension Day in Karlskoga, are under hard pressure to convince that they are ready to take responsibility for other factors than the environment, and that they have something like a credible view of society.

Because none of the established parties believe that they have that. And that is what they are all going to emphasize in their criticism of the Greens when the election campaign gets going.

The environmental party is also uncompromising on the question of which prime minister they prefer and which bloc they support. Without delivering on those questions they are going to be criticized by the nonsocialists for trying to keep the Social Democrats in power.

So far the environmental party has avoided these questions, and has maintained a wait-and-see attitude toward their opponents, as the other parties have toward them. They are titillated by the Greens' opinion poll figures and the almost utopian fact that their thoughts are also supported by the established parties. On election day the vision looms of a "sister four percent," women's votes from other parties which they believe can lift them into the Riksdag.

But that is an illusion which the environmental party alone believes. Possible supporting votes from Social Democrats--which the Greens themselves say that they believe in--will in that case be used to save the VPK from falling out of the Riksdag. Then it will be the "comrade four percent" which

applies.

Resembles VPK

Party strategists enter in, spontaneously and uninvited, when the environmental party is being discussed, in order to question the party about faulty economic analysis and their view of society.

The nonsocialists see the party as strongly inspired by the VPK, and believe that its policies assume planned economic solutions which are unacceptable. The Social Democrats and the VPK satisfy themselves by calling the Greens' policies "not thought through."

It is clear that the parties have scrutinized and analyzed the activities of the environmental party, with emphasis on its actions in the 148 municipal councils where they have been represented since 1985.

That applies also to the Conservatives and the Center Party, which denies that it has any special strategy against the environmental party. The Conservatives consider, at least for now, that they do not have cause to waste energy on the environmental party, since their main objective is to defeat the Social Democrats in next year's election.

In that spirit the Conservatives have said "no thanks" to a public debate against the environmental party in the fall. The only party that has accepted the challenge is the Liberal Party, which felt it was wisest to participate. The Liberal Party sees it as a duty to the voters to at an early stage "expose the environmental party to closer scrutiny and to show where the dividing lines are."

Fighters

Within the Center Party they find it hard to admit that they lost voters to the environmental party. Center did not lose as much as they advanced in the big cities, they say, and thereby they point to the mark of the VPK.

Under the new party leadership the Center Party is fighting a desperate struggle to rebuild an environmental program through quicker elimination of nuclear power as the main feature, and to win back the confidence of the environmental movement after the nuclear power perfidy.

While waiting for the annual vote in June and the changing of the guard in the strategic post of party secretary, the Center Party is laying low on the question of how to handle the Greens. At the same time they are pleased to find a subject for future argument against the environmental party in the statement from its election committee that its spokesmen must be "TV capable." The Center Party expects to designate such talk as superficial.

No Praise

Numerous points from the action program of the environmental party for the environment of the future are surely included in the environmental platforms of the other parties which will be presented to the voters. It is quietly admitted that the new party actually acted as a stimulus to the debate.

But in the public exchange of words, the environmental party cannot expect praise. The other parties will all claim that they have their own rather good environmental backgrounds:

- The Liberal Party sees itself as the pioneer in saving the rivers at a time when the Social Democrats steamed forth over field and pasture as the real party of concrete.
- The Conservatives who today see technological development as the principal guarantee of a safe environment can point to their party fathers as fighters for nature conservancy.
- The Social Democrats are promoting the idea that the nonsocialists just see the environment as a production resource, while they themselves see respect for human survival and the entire ecological system as a basic ideological question.

So the environmental party can easily go into national politics as it went into several municipal councils: the established parties have made the environmental party's initiatives into their own.

Weapons Export

In a school established by Johanna Kopp in Vaxjo, environmental party member Mogens Bech tells how the party first had general support for a motion on improved trash disposal. The motion was defeated, to crop up later in the form of demands from other parties. Thus reforms are approved.

An element of uncertainty in the dealings by other parties with the environmental party is Swedish weapons export. The scandals and distaste about it are unwelcome in all parties, not just the environmental party, which is the only party which wants entirely to prohibit weapons export.

Members of the environmental party are also getting what for them is the perhaps favorable focusing on the question by locating their congress in the weapon city Karlskoga, and on top of everything else having Bofors whistle-blower Ingvar Bratt as a leading speaker. The possibility exists that the party can win sympathizers even outside the circle of friends of the environment.

Whim of Fashion

In the middle of police investigations and unpleasant debates the traditional parties are finding it difficult to defend weapons export, despite the fact

that there is political unity about it as a condition for our domestic weapon industry, which in turn is a condition for our neutrality.

It will be decisive for party strategists in the fall to see how the opinion figures develop for the environmental party. If support for the environmental party continues to grow, the parties will be forced quickly to sharpen their now rather gentle attitudes.

On the other hand if support turns out to be a whim of fashion, the good will will continue. They will continue to refrain from throwing in the heavy ammunition--to convince the voters that a vote for the environmental party is a wasted vote.

Optimism at Party Congress

Stockholm DAGENS NYHETER in Swedish 25 May 87 p 22

[Article from TIDNINGARNAS TELEGRAMBYRA: "Environmental Party Congress--Will They Break Through the Threshold?"]

[Text] Goteborg. With record-high opinion figures behind them the environmental party The Greens is starting its congress on Thursday in Karlskoga.

"We have the competence to govern the country, but we have no ambitions to do that until we have 40-50 percent of the votes," said Birger Schlaug, the environmental party's male spokesman, to DAGENS NYHETER.

In the latest IMU [Institute for Market Research] poll the environmental party took 7.5 percent of the votes, and should by a good margin enter the Riksdag if the election were held today.

"Many believe that we took votes from the Center Party, but that is not true. Center has its loyal voting corps," said Schlaug.

"We took votes from all parties, mostly from the Social Democrats."

Before the election of 1982 the environmental party also noted record figures in the opinion polls, but when it was time for the voters to go to the polls the support weakened and the party did not reach the four percent threshold. But 1982 was the year when the party broke through as a national party and received 126 seats in 96 municipalities. Since then the party has doubled its support.

1,000 Politicians

In the election of 1985 the environmental party won 250 seats in a total of 150 of the country's 284 municipalities. The environmental party has about 1,000 active politicians in municipal councils and boards.

In 230 municipalities there are local environmental offices. The party was formed in 1981 by bringing together several local environmental parties.

Does Schlaug believe that the party will be able to retain the support which it has according to the latest opinion polls until next year's election?

"We expect to be doubled again in the 1988 election," said Schlaug.

"We are much better organized today and have a functioning administration.

"Sweden is an easily governed country," continued Schlaug.

"The biggest problems are our issues, namely the environmental questions."

Support for Bratt

The environmental party's congress begins on Thursday and will continue through Saturday.

Is there any thought about why you just chose to have the congress in Karlskoga?

"Yes, we want to show our solidarity with Ingvar Bratt who is a member of the party and who was the one who first disclosed Bofors illegal weapon exports.

"We demand a stop to all weapon export and we hope that the residents of Karlskoga will be curious about the party," said Schlaug.

The congress will take positions on a large number of motions and several political programs: a school policy, a program concerning health and sick care, an immigration program and an environmental program.

The congress will also choose a spokesman. The party has no party leader in the ordinary sense, and a spokesman is not the same as a party leader, said Schlaug.

"The spokesman does not sit as chairman with a decisive vote in our committee, and therefore has no more power than any other member."

Schlaug Again

The party's election committee has recommended Birger Schlaug, Vingaker for reelection as male spokesman, and Jill Lindgren, Stockholm as female spokesman.

The current female spokesman is Eva Goes, Harnosand. Goes is prepared to run for reelection, although she does not have a majority of the election committee behind her. Agneta Dreber, municipal politician in the Stockholm party and member of the environmental party, withdrew her candidacy when she did not get a majority of the election committee.

Thereafter one more candidate registered for the post of female spokesman. That is 25-year-old Asa Domeij from Uppsala.

Concern Over Party Finances

Stockholm DAGENS NYHETER in Swedish 27 May 87 p 12

[Article by Kaa Eneberg: "Environmental Party Progressing Favorably--Economics Are a Hindrance"; first paragraph is DAGENS NYHETER introduction]

[Text] "Our economy is bad, but still it is better than it has ever been. Now we can at least see the light at the end of the tunnel, and every contribution to our treasury goes for something constructive."

That was said by Kjell Dahlstrom, party strategist for the environmental party The Greens which will assemble on Ascension Day for its sixth congress. It will take place in Karlskoga as a sympathy action for party member Ingvar Bratt, who has had an adverse existence in the community after his disclosure of Bofors illegal weapons dealings. It is expected that at least 400 environmental party members will come to the weapons city to demonstrate for their demand to stop the export of weapons by some kind of peaceful demonstration against Bofors.

There is a lot of idealism in the environmental party, and about half of the participants in the congress will pay for their travel and maintenance expenses themselves. The approximately 200 invited with voting rights will contribute their participation in other ways.

The six-year-old party's income consists of members dues (100 kronor per year) and other voluntary contributions. Several campaigns to raise money, such as blood donations, have clearly failed, and the party's newspaper ALTERNATIVET is losing money. Direct contributions, such as the payment of a year's rent for a square meter of the party's headquarters in the railway station at Lund, have been more successful.

"Now we have paid half a year's rent," said Kjell Dahlstrom, 42-year-old architect, who is now happy to be a full-time employed party official.

"We all have a laborer's wage of about 7,000 kronor per month as a target," he said. "Both the party's spokesmen, Birger Schlaug and Eva Goes, who have worked free for the party so far, have been receiving a laborer's wage since the first of the year."

The party incurred a large debt from members who went out and took private loans for the 1982 election. There still remains 600,000 kronor to pay off the original 4-5 million. The entire loan episode is seen today as an unfortunate adventure which caused a lot of confusion and resulted in a loss of confidence.

"The party never guaranteed the loans, but we see it as a matter of honor to pay them back," said Kjell Dahlstrom.

The Abortion Question

The party congress must take positions on a hundred members' demands, on everything from rejecting abortion to rejecting a Conservative prime minister. About abortion, the party directors said in their statement that they stand firm with the individual's right to decide, and as for the prime minister candidate they refer to the previously stated position that the winning party will be acknowledged after the election.

Nor do they believe that the environmental party should go into any government unless the party has strong influence in the government.

The heaviest question for the party is obviously the environment and the principal demand is the immediate termination of nuclear power. In the struggle for a better environment they do not see the increased use of coal as an alternative. Use of all fossil fuels--coal and oil--will instead be terminated over a 25-year period.

As future energy sources the party approves of solar heat with seasonal storage, wind power and biological fuels. Furthermore the use of energy must be reduced through structural reorganization and termination of electricity intensive production such as aluminum, for example.

"Careful"

The party describes its own energy program for terminations as both "conservative and careful." A large amount of thoughtfulness generally marks much of what the party with an immediate chance of entering the Riksdag is doing.

"Today there is understanding for those who prefer to stay in the Stads Hotel instead of sleeping in a school room," laughed Kjell Dahlstrom, who himself does not dare go all the way. He, like most of the participants in the congress, expects to stay in a youth hostel.

Growth Accompanied by Fissures

Stockholm DAGENS NYHETER in Swedish 29 May 87 p 6

[Article by Kaa Eneberg: "Environmentalists Meet in Karlskoga--Congress Optimistic"; first paragraph is DAGENS NYHETER introduction]

[Text] Karlskoga. "Ingvar Carlsson claims that it is dangerous for a party not to belong to any bloc in the Riksdag. Therefore for safety's sake he and the Social Democrats have joined several blocs--the milk bloc with the Conservatives, the military bloc with the Liberals, the Dagmar bloc with the Center Party and the 'plant again the Swedish pasture' bloc with VPK."

So bantered Birger Schlaug, the environmental party's so-called spokesman on Thursday at Karlskoga about Prime Minister Ingvar Carlsson's reaction to the refusal of the young party to join any of the power blocs in national politics. Schlaug, a journalist by profession, gave the opening speech at the party's sixth congress which assembled about 400 party adherents at Bregardsskolan in Karlskoga.

Motley Troop

The environmental party's adherents are a motley troop of enthusiasts of all ages of which most paid their own way to Karlskoga. Most wore gaudy summer clothes, many with children, economizing by eating together and living in school rooms and youth hostels.

With favorable figures in the opinion polls which are suddenly giving the party a chance to enter the Riksdag in the next election, a light and merry voice seemed natural on this bright early summer day. The impoverished party could furthermore be happy with the contribution of a free grass lawn, glistening with dandelions--the party's own symbol.

The setting of this year's congress is consciously more strained than previously, with simple bowls of dandelions, and pennants reading, "We do not promise gold, but green forests." There is a clear effort to balance the gentle, happy tone at this "last congress we will have as a party outside the Riksdag" as spokesman Schlaug declared before the wildly applauding delegates.

Corridor Controversies

But quite a few corridor controversies, as in other parties, are expected these days around questions such as "Who will be the female spokesman"--each year the party chooses one man and one woman as spokesmen.

The present female spokesman, Harnosand teacher Eva Goes, refused to accept the nominating committee's demotion of her, and gave an emotional opening speech with rich and somewhat unclear imagery.

Research must be more concentrated on mankind, demanded Goes, and she described today's research as being dominated by "technological giants and moral dwarfs." That was illustrated by saying that man could be sent to the moon, at the same time as man could force women to walk miles for water daily.

She also talked of the importance of exchanging "railways for brainways, and of having the heart in the right place."

In the Background

She called out "Long live life and love" and was met by enthusiastic applause from the public. Both her challengers, Jill Lindgren from Stockholm, who was nominated by the election committee, and Asa Domeij, an agronomist from Uppsala, stayed discreetly in the background on this opening day.

That was also the case with engineer Ingvar Bratt, the man who several years ago disclosed Bofors illegal weapons deals without anyone taking him seriously. Bratt, who has had an unpleasant life as a party member in the weapon city, could not be persuaded to participate in a press conference.

The story of Swedish weapon smuggling has strong similarities with Henrik Ibsen's story "An Enemy of the People," said Schlaug.

"No matter how right Ingvar Bratt was, how brilliantly clear the connection was, how transparent the lies were, the bearer of the truth became an enemy of the people, as did the character in Ibsen's story who disclosed that the sea baths given to the tourists was poison."

As the enemies of the people are sought out, so should they search among the government officials and ministers who believe that lies are not lies without obscurity, said Schlaug, and demanded "an end to hypocrisy and the export of weapons."

Environmental Prize

The party's environmental prize went to Maj-Britt Andersson, Graso, who from the speaker's platform challenged party members to go to Forsmark in Uppland to demonstrate against against the giant installation for reactor waste which is being built under the surface of the water in Forsmark.

"After this storage they will build storage space for the power plant scrap. How can Minister of Energy Dahl speak of saving the Baltic with this built-in environmental risk?" wondered Maj-Britt Andersson. She has even alerted the American Senators who recently visited Sweden to study the Swedish storage system, which can become an export item.

Paper Assesses Congress

Stockholm DAGENS NYHETER in Swedish 29 May 87 p 2

[Editorial: "When the Dandelions Bloom"]

[Text] The environmental party is on the way upward in voter opinion. But where are they going in their own internal development?

The opening of the congress in Karlskoga disclosed a self-assured party. "The dandelions are blooming. The seeds are spreading. Soon it will be time to harvest" cried spokesman Eva Goes, probably inspired by SIFO [Swedish Institute of Public Opinion Research] and IMU [Institute for Market Research] more than by the season.

The leadership of the party, in the form of the political committee, is adapting itself to the demand for a Riksdag party. It is necessary to "straighten out the programs," wrote PU in the congress number of the party newspaper ALTERNATIVET. "As a coming Riksdag party the environmental party must eliminate all remaining lack of clarity."

Who will pay for a shorter working day? That is a question which the environmental party must answer, according to the party leadership. Another "weak point" is the one about economic independence. According to the economic program the MPs are resisting complete economic independence in food, energy and clothing--in addition locally within each municipality. The

political committee will now introduce more realism: "A high degree of economic independence would be a more correct and more logical formula on this important point."

The program proposals laid before the congress--about health care, schools, immigration and research--are not short of zeal when compared with those of other parties. Even the language is beginning to follow the political standard model. For example the Greens are recommending that action be taken within sick care to "scrutinize the lowest adequate supervisory level" in order to limit costs, so that "sick care expenditures' share of public expenses will not greatly increase."

Certainly there are questionable parts, such as the elimination of grades from common school, and reducing the resources available to hospital care. But such ideas also come out of the more established parties.

The character of the platform is rather traditional social engineering. The party leadership takes the health and sick care laws as a starting point for proposals on sick care, and uses the 1980 elementary school training plan as a basis for the school program.

In the proposal for a research program one recognizes a view on freedom of research which previously did not exist in the thoughts of the Greens: To strangle or guide research through fear that its results can eventually be negative is an unsuitable strategy which will lead to animosity against knowledge and scientific stagnation."

The party's economic group modified in a report to the congress the naive view of the economic system which exists in the applicable program. The group wants to introduce an almost market economic confession:

"The users will be free to purchase from the suppliers who offer goods, services and information with the properties which best suit their valuation, needs, requirements, taste and economy. The selling business and the authorities will give the information which the buyer needs to be able to evaluate correctly. The mission of the business is to deliver goods and services which the buyer needs and wants to pay for. Their goal should be to do this in a way that is ecologically, socially and economically profitable for all parties: buyers, society and the owners and employees of the business."

This does not mean that the program of the environmental party is realistic. A principal feature is to allow the first 30,000 of annual income to be entirely tax free. Such a large deduction for everyone would cost the state and municipalities at least 30 billion kronor. That is inconsistent with "reduced expenditures" which the party leadership refers to.

But it is clear that the party leadership is working on adapting the program to the practical character of a Riksdag party. For example the party is said to need a "budget bill group" which will prepare the MP's proposals for the national budget.

Even in its external actions the party leadership is on the way to resembling the others. Spokesman Birger Schlaug's opening speech was skillful, but filled with the same debate tricks which the environmental party has criticized the old parties for. Nowhere could media and election fixation be as great today as with the leadership of the environmental party.

Can changes in the party program and appearance be approved without inner convulsions in the party? If a "blowtorch" and a "conscience" (Birger Schlaug's words) are applied to the environmental area to create an overall and tenable program for the economy and all the other areas--and then what happens to the blowtorch? Can the Greens really reach the same common position on tax recommendations, abolition of right to deductions, child support, school policy etc., as on their commitment to the environment? Will they all try to make the Greens into a realistic Riksdag party as the leadership is obviously trying to do?

The congress should be able to give the answers.

9287

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SHORTENED WORKWEEK, LOW MOTIVATION CUT ARMY'S EFFECTIVENESS

Vienna DIE PRESSE in German 21 May 87 p 3

[Article by Peter Zehrer: "Defense--With 35-Hour Workweek?; Reduction of Working Hours and Low Motivation Threaten Army's Combat Effectiveness"]

[Text] "For reasons of state our army is confronted with financial, material and personnel problems, which affect the originally planned expansion of the army and thus the credibility of the fulfillment of our mission." That was included in a letter of Army Commandant General Hannes Philipp that was recently sent to all commanders down to the battalion level. He thinks in the first place of that lack of motivation which was attributed to the soldiers in a study commissioned by Defense Minister Kruenes. Philipp refuses to see the conclusiveness of the poll carried out by the Office for Military Policy especially because thus far he has not yet received an answer to the question as to who was really questioned concerning motivation or lack of it.

The study, the army commandant says, has "triggered utter indignation" among officers of all levels. He believes that once again the 8-month conscripts were chosen as the poll victims. "They are the ones who spread bad gossip. Even though when I visit the forces I have never met an 8-month conscript who complained that he merely had to hang around. But then they bellyache about inactivity." And: "Inactivity is inherent in the system. Therefore: Let's eliminate the inactivity and make something meaningful of it."

Of course no fewer than 43 percent of all draftees are assigned to service functions, such as clerical work, quartermaster duties, maintenance and repair of motor vehicles, cleaning and tidying-up, guard duties and other duties, which in other comparable armies have long been provided by civilian personnel.

More than ten different models are now being tested in Vienna to determine how these 8-month conscripts could be replaced by a more sensible arrangement. In this connection the army commandant has in mind as a solution reducing the service time by one month but in place of that field exercises later on. "For example supply soldiers could be called

up before a maneuver for a BTU [battalion field exercise?]. And the next unit cleans up everything after the maneuver."

Philipp: "We have been waiting for two years for the National Defense Council to give its blessing to a new army structure...."

The no longer so new Defense Minister Lichal has now announced a radical reduction of the 8-month conscripts. Of course without the prospect of an alternative. For the elimination of the 8-month conscripts means hiring of contract personnel one of whom would replace 2.5 8-month conscripts, as shown by the study of Corps I. But there is no T/O for contract personnel.

True, but there is contract personnel even now. Philipp: "In practice it would seem then that a kitchen NCO would get a female kitchen helper to assume some of the burden. But she will soon wear a white coat and then will give orders to two or three soldiers who will do the work for her. They are then the helpers of the helpers.

The additional sword of Damocles are the overtime hours--the army has to pay for no less than 1.7 million--of which one third is now to be saved.

The army commandant sees a way out in a more precise differentiation of the fitness for military duty. Why, he asks, is it that an excellent mechanic or truck driver in his civilian occupation must be replaced by a "fully fit person" only because he has flat feet?

"We are world champions when it comes to the Ceremonial Tattoo," the general says caustically, "but when it comes to maintaining the service we can't think of anything. What General Koerner said in '24 has been confirmed in the federal army in 1938 in all details. And now we are well on our way there once again." What he wants to say is, on the one hand, the motivation and on the other hand and more importantly the operational readiness of the army.

"We simply lack the feeling of being threatened," Philipp analyzes the causes for the noticeable lack of military-mindedness. "But other armies, too, have this problem. And I would like to see a study about how the mental national defense is received among students or civil defense among grownups.

Yet all the defense areas of authority are legally quite clearly laid down. Only in the other areas have there been no motivation studies thus far. Because, the general thinks, then one wouldn't have to find fault with the military commanders but with the politicians.

By which a smooth transition to an even hotter topic, the introduction of the 35-hour week also in the federal army, would be accomplished. The

trained labor unionist Robert Lichal even as defense minister does not see any way to avert introduction of the general reduction of service hours in the army. Because, as he said recently, army officials, too--and officers and NCOs are precisely that--belong to the service and the same has to apply to them as does to all other "civil servants."

"I know many armies in this world," General Philipp comments, "but not a single one that goes along with the civil service. Operational readiness simply cannot stop Friday afternoon or even noon and begin again on Monday. And which army except for ours reduces its hours of service? In Switzerland the service lasts six months but the hours per week are more than ever.

The way out that he sees will undoubtedly make the opponents of military service see red: "35-hour week, o.k.--but then we'll have the young fellow serve longer. For why do we need so much overtime? Because our active service duty time is too short. And according to the mission set by law, the alert force is supposed to be operational at all times. Are we now going to close down the armored infantry division on account of the 35-hour week?

Then the soldier completely reveals himself: "A five-day army cannot be reconciled with a holding strategy. To implement the Comprehensive National Defense means holding. The army has to ward off. And that doesn't go over with us."

Six billion schillings would be needed to get the army into the "condition in which I would need it." Even though, money does not seem to be everything. The army commandant: "There is something like a masochist trend with us. If we don't have the latest, nothing is worth anything. The Swiss now still train in uniforms from World War II and shoot with guns from '16."

And concerning motivation: "We have the smallest budget in the world--thus we cannot also have the biggest acceptance."

12356
CSO: 3620/248

LOW LEVELS OF PHYSICAL FITNESS IN ACTIVE, MILITIA ARMY SCORED

Vienna TRUPPENDIENST in German Jun 87 pp 215-216

[Article by Maj Friedrich Wallner [Res]: "Militia and Physical Stress Limit"]

[Excerpt] Federal Army and Sports

The federal army is organized like a militia. This means that operational readiness is not achieved until after mobilization. But mobilization means that the military organization is filled with soldiers who are not constantly subjected to military training, who only occasionally (every two years) participate in training exercises and who are not subjected to any physical training whatsoever for military employment. The share of this group of persons in the total volume of the mobilized federal army amounts to about 90 percent. The physical stress limit of this group of persons therefore, expressed in an overstated manner, is of strategic importance for the Republic of Austria since only by a high physical (and of course also psychological) stress limit will it be possible to completely fulfill the mission, but especially the shock and its consequences are reduced and thus "life" is saved.

The dissertation by Major Dr Federanko on the topic of "Physical Training and Sports in the Austrian Federal Army and its Effects on Public Health as Assessed by Active Soldiers" from the year 1986 provides scientific insight into the field of the physical stress limit of the Austrian soldiers.

One of the questions asked about 1,300 soldiers on a random basis was: "Do you believe that your present physical capability is sufficient in case of a military emergency?" The answer was 63 percent "yes;" 12.4 percent, "no"; and 24.6 percent, "uncertain." A good result, it seems. Apart from the fact that the answers to this question can only reflect a vague subjective idea of combat action since combat experience is lacking, analysis of the answers by groups of persons provides a different picture. This aspect shows that the group of career soldiers (carrier officers, civil servants, and contract personnel in NCO

function, long-term servicemen and the like) for the most part appear to be convinced to be physically prepared for military emergency, but the conviction of the group of those performing basic military service, who in final analysis will constitute the mass of the mobilized army as militiamen is not so strong. In this group less than half decided in favor of "yes." In addition to other symptoms, this fact demonstrates that the transfer of the conviction from career soldiers to basic military service soldiers operates only inadequately.

Since according to the decree and command situation in the federal army everything that relates to sports and its relative importance is clearly regulated, the actual effect of physical training on basic military service was also examined in the dissertation. Since the last check on the physical capability of the basic military trainees took place in 1979--the alleged burden of the forces with carrying out this "unimportant" test led to its discontinuance--there are no more recent data.

The best result in 1979 was provided by the Burgenland military command where at any rate 48 percent of the basic military trainees improved their conditioning during the basic military service and only 28 percent became worse. In other military command areas, the results were reversed. This on the effect of physical training during basic military service.

Since these findings only indirectly relate to the militia-like structure of the federal army, the field study entitled "Physical Capability of Militiamen" also described in this dissertation is of greatest importance since it describes the actual aim of physical training, namely physical operational readiness of the militiamen. In this field study about 200 militiamen were subjected to a test during a unit exercise, which consisted of a 2,400 meter run, chin-ups and completion of obstacle 15 of the obstacle course ("lion's den"). The set minimum performance for these exercises was 15 minutes for the 2,400 meter run, three chin-ups and overcoming the obstacle without help from others in no more than three attempts. Forty-three percent of the soldiers failed to achieve the minimum performance for the run, 46 percent of them failed to accomplish the minimum number of chin-ups and 30 percent of the soldiers were unable to leave the "lion's den" without outside help. The average age of the testees was 23. Since the militiamen belonged to raid-type companies, the question concerning the ability to meet the missions in raid-type operations necessarily arises, a form of combat which, contrary to commonly accepted ideas, does not constitute a "simple" type of combat and above all demands a maximum stress limit. Added to this is the fact of the worsening of the physical efficiency with advancing age and thus the question concerning the possibility to fully utilize the legal age limits.

Improvement

The present situation of physical training in principle is limited to the basic military service and to the cadres of the active duty forces and leaves the militia out of consideration. This is to be changed as soon as possible. Emphasis of a change must be to arouse interest in sports in the basic military service for military and personal reasons and to shift the actual physical training to the period in the militia, in other words after the basic military service. In doing so, individual training and promoting individual performance by competitions for the time being must be given priority. For example, the introduction of the point system in the award regulations for the marksmanship badge by the army command constitutes a restriction on the attainability to a group of appointed top sportsmen of the federal army so that all encouragement for the militiamen to participate in the military shooting sports has disappeared. And the group competitions only make sense if groups corresponding to the concrete organization participate and not specially selected groups.

The cited dissertation includes many proposals and hints for restructuring physical training, but also the army sports association, according to these aspects.

Note

The reluctance to demand physical stress and realism in training that is frequently observed in exercises is almost always excused by the observation that in actual combat almost everything is completely different, for everybody knows then what is important. And the aggressor, too, first has to go through his baptism of fire. However logical this may sound, in combat the physical and mental stress limit of the soldiers, in addition to training, is decisive for the outcome. But stress limit only develops slowly. The moment of crisis, namely the baptism of fire, does not produce a stress limit but demands it.

12356

CSO: 3620/247

EIMLER DEFINES NEW FOFA, TACTICAL MISSILE DEFENSE CHALLENGES

Bonn WEHRTECHNIK in German May 87 pp 22-28

[Article by Lt Gen Eberhard Eimler, Luftwaffe chief of staff: "FOFA and Defense Against Tactical Missiles: A Contribution of the Air Force to Improving NATO's Conventional Defense Capability"; first paragraph is WEHRTECHNIK contribution]

[Text] In this article, the chief of staff of the air force presents some thoughts of the air force on conventional defense in the manner of a program. In this connection, a focal point is formed by two areas of conventional defense: the Follow-on Forces Attack (FOFA) and the Tactical Missile Defense (TMD) as part of the key task "Achievement and Maintenance of a Favorable Air Situation." Proceeding from the threat and its development, the contribution of the air forces in the scope of overall defense is described. The chief of staff closes with some ideas that the air force is planning so as to realize the capabilities necessary for these tasks.

The Warsaw Pact ground forces are continuously being reorganized and modernized with the goal of increasing their attack and invasion capability. The current stock of tanks, firepower and mobility indicates that the main task of the Warsaw Pact is to take the conflict to the enemy's territory so as to wage war from there. To carry out this offensive doctrine, it has acquired the capability for very rapid offensive operations on broad fronts combined with a diminishing dependence upon daylight conditions for effective combat. Conditioned by the relatively narrow combat zone and because of the superior numbers of its armed forces, the Warsaw Pact has optimized the operational principle, namely that of organizing the offensive forces in waves or echelons so as to maintain the momentum and to achieve the far-reaching military objectives.

The Warsaw Pact naval forces are permanently at full strength and have developed from coastal armed forces into ocean fleets. They gained strategic importance through their capability of threatening the vital sea lanes between the American continent and Europe. In the light of the overall activities of the Warsaw Pact armed forces in this area, it must be assumed that one of the main objectives of the armed forces of the Warsaw Pact is to interrupt the bringing up of NATO reinforcements by sea.

The air forces of the Warsaw Pact were likewise further developed, going from purely tactical tasks and structures to strategic dimensions. Whereas previously the direct or indirect support of the ground forces was the primary mission of the air forces of the Warsaw Pact, they are now in a position to take effective air strikes deep into the interior of Europe without thereby giving up the ability to fulfill the original mission. Substantially increased payloads, greater ranges and improved electronic measures combined with highly precise delivery procedures and systems make it unnecessary to shift forces prior to the attack. The Warsaw Pact air forces are confronting NATO with a massive threat that is aimed at the three key elements of defense: reserves/reinforcements, conventional air forces and nuclear systems. In general, the Warsaw Pact is modernizing its inventory through quality improvements without reducing the unit quantity. In addition, NATO's technological superiority is declining. For this reason, the existing imbalances in the conventional air forces are at least being maintained and will probably even increase, despite NATO's attempt to improve its conventional combat capability. Finally, the growing accuracy and the increasing number of terminally guided standoff ammunition as well as the introduction of more and also more accurate tactical and tactical [sic] ballistic missiles deserve careful attention and detailed evaluation. To the extent that the use of these conventional weapons represents a realistic option, the air forces of the Warsaw Pact could give themselves the capability to make a destructive strike against the NATO armed forces. Accordingly, appropriate measures must be taken in time to take away from Warsaw Pact planners this possibility for a surprise attack at low risk.

In summary: under the concept of forward defense, NATO must deal with a constantly increasing threat characterized by the following key elements:

- surprise,
- initiative through attack,
- conventional superiority and
- concentration of forces for the rapid achievement of strategic objectives.

The Tasks of the Air Forces in Conventional Defense

The influence of existing air forces on strategy in peacetime and war is described in a few sentences derived from such basic and well-known characteristics of air warfare systems as a high destructive potential, flexibility, speed, range and the ability to implement. In principle, the effect of air forces is not limited by the boundaries of the battlefield. The attacker can therefore not limit the war to the geographic area that he chooses. His rear area is likewise subject to air attacks. Sanctuaries can no longer be maintained. For this reason, air forces work against offensive strategies. Nevertheless, a credible air force of a defender who subjects himself to the concept of strategic defense must have effective offensive systems. Air forces cannot occupy any land. Consequently, they contribute to a stabilized deterrent and also have the ability to punish.

--Hence, air forces can have a military effect concentrated over large areas in a relatively short time. Although they are not a true substitute for ground forces over longer periods of time, air forces can equalize balances of power and compensate for local imbalances in ground or naval forces. This point is of paramount importance in our situation.

--Air forces can be put into effect without the necessity of time-consuming preparations or transfer movements. If they are kept in a state of readiness adequate to the threat, air forces can reduce the importance of the element of tactical and strategic surprise. NATO has turned over to the Warsaw Pact the advantage of the initiative; hence, air forces are the appropriate means for regaining the initiative, at least in part, after the initial strike has been contained.

--The air forces are in a position to destroy, delay or harass the rear attack echelons. The logistical support for units on the battlefield can be interrupted. A strategy that depends upon the continual and timely bringing up of following echelons is strongly limited in its action through effective enemy air forces. Although this is valid for the attacker as well as for the defender, the successful use of air forces will favor the defender, because normally the attacker suffers heavier losses.

--The air forces, especially the offensive forces, are a key element for the desired escalation below and above the nuclear threshold. Thus, target selection and the subsequent attack can be adapted to the political intentions of the attacker, which are aimed at a continuation of the aggression. Possible forms of the escalation include, for example: an expansion of the geographic area in which certain targets are found, a higher value of the targets, or a strengthening of the intensity of an attack. Since the readiness condition of air forces can be raised without being dependent upon a mobilization, air forces constitute an adaptable instrument for crisis management prior to the outbreak of combat operations. In addition, because they are not suitable for an invasion but, on the contrary, are an effective means for a balance of forces, air forces will be assigned a key role in future disarmament talks when it is a matter of reducing the number of ground forces.

NATO will also continue to pursue a defensive total concept with the objective of maintaining the peace and of guaranteeing the inviolability and security of the territory of the alliance. For the deterrence to remain credible and thus successful, the main effort must be shifted in the direction of conventional firepower without, however, neglecting the capability for a nuclear deterrence, including during combat operations.

In other words, a strengthening of the conventional combat capability in the sense of the "Conventional Defense Initiative" means the establishment of capabilities, which is necessary to complete the strategy of the flexible response and to reduce the dependence upon the early use of nuclear weapons. For the alliance armed forces, this means the striving for

--more combat effectiveness and

--the necessary readiness and ability to react to resist a surprise attack and adequate endurance for intensive combat over longer periods of time.

The conceptual bases of NATO assign the following key tasks to the armed forces in the broadest sense:

--the presence and effect of armed forces in peacetime and in time of crisis,

--prevention of a breakthrough of the Warsaw Pact with the objective of interrupting the NATO forward defense,

--the fight for air superiority to achieve and maintain a favorable air situation,

--the fight against the enemy follow-on forces (FOFA) far into the depth of the area,

--protection of the allied installations to strengthen central Europe through sea and air transport.

This enumeration does not set any priorities but it must be assumed that the fulfillment of the overall mission is endangered if one of these key tasks is not carried out successfully.

Now as for detailed consideration of two areas of the key tasks described above:

--Follow-on Forces Attack and

--defense against tactical missiles as part of the fight to achieve a favorable air situation.

FOFA--Challenge and Task for the Air Force

The timely bringing up of the following echelons is just as critical for the strategic success of the Warsaw Pact as for the forward defense of NATO. If fresh troops do not relieve the battle-weary front units in adequate strength and within a relatively narrow time span, then the ground forces of the Warsaw Pact will not be in a position to achieve enough impetus to interrupt the coherent defense of NATO. On the other hand, if the Warsaw Pact is able to get its echelons to the battlefield as planned, then the balance of power would change decisively against us. For this reason, particular attention was paid to FOFA in the basic conceptual documents of the alliance. Without reference to a particular military service, the concept postulates that "the following echelons of the enemy ground forces must be delayed, worn down and interrupted and that the lines of communication in the depth of the enemy area are to be interrupted."

There is no doubt about the role and importance of FOFA in the concept of forward defense. There is, however, discussion of the final operational configuration, the weapons and the necessary command systems. Studies carried out to date by SHAPE and planning concepts assign a substantial share of FOFA

to the ground-based systems. This leads not only to questions on the demarcation of the traditional air interdiction task of the air forces but will inevitably also lead to discussions about available resources.

The FOFA Concept

Simplified SACEUR's FOFA concept assumes that the forces of the conventional NATO forward defense will, to be sure, be in a position to contain an initial attack of the Warsaw Pact armies in the middle section but that they will then be overcome by rapidly following reinforcing echelons utilizing the weakness created by the first attack.

The current operational objectives of FOFA are:

- to reduce the number and strength of Warsaw Pact armed forces reaching the forward edge of the battle area with optimized weapons in an area extending from the battlefield to about 500 km deep in the hinterland so as to reduce the force of the attack against our formations on the forward edge of the battle area;
- to allow the NATO armed forces to take the initiative;
- to limit the tactical flexibility of the Warsaw Pact in moving its following echelons;
- to gain time for the NATO commanders to make decisions so as, if necessary, to recommend an escalation.

One Could Now Ask, What Is New About FOFA?

Under operational points of view, FOFA is certainly broader in scope than air interdiction in the past. Beyond that, FOFA represents an extremely time-critical form of operations. It is vital for the enemy, especially in the initial phases of a war, not only to maintain the momentum of the attack on a broad front but also to concentrate it at certain points. This requires a continuous and orderly delivery of following echelons to the field of combat in accordance with the principles of operational and strategic echelon formation.

It is therefore critical:

- in the first place, to hit the front forces so early and massively that the attack momentum is lost,
- in the second place, to attack more or less simultaneously the following forces that the enemy wants to introduce into combat on the main axis of attack.

This type of operations requires forces that can be employed rapidly and that can cover the different depths of the enemy area with concentrated fire. Traditionally air forces are especially suitable for these tasks. Nevertheless, mission-specific and intensive FOFA operations require:

--an increased commitment of forces,

--a very effective reconnaissance system that makes possible an earlier target acquisition,

--a command system acting in near real time that rapidly evaluates the reconnaissance results and permits the effective use of resources.

It follows that FOFA is comprised of a package with three main functions:

--tactical reconnaissance,

--command,

--interdiction.

These three functions must always be seen as a whole when operationally and cost-effective FOFA resources are planned. The weakest link in the chain thereby determines the overall effectiveness of the "FOFA package."

FOFA covers a rather broad target spectrum, e.g. stationary targets (such as the traffic infrastructure), semimobile targets (such as command posts) or mobile targets (such as tank columns on the march).

Although it is the most difficult task technologically with respect to target recognition, target allocation and attack, SACEUR has assigned the highest priority to the destruction of the armored forces of the Warsaw Pact.

Mission and Challenge for the Air Forces

Before one sets about to classify FOFA as a typical task for air forces, we must examine the current and medium-term capabilities of the ground forces. In the first place, the threat through the air forces of the Warsaw Pact is the most immediate element for all armed forces in central Europe in every scenario. For this reason, the first objective for the air forces now and in the future must be the fight to obtain a favorable air situation through defensive and offensive engagement of the enemy air military resources (counter-air). This is the prerequisite for the freedom of mobility of all armed forces. The reconnaissance and attack systems for offensive counter-air are, however, generally the same as for FOFA. The resources now available, however, are not adequate for an appropriate simultaneous implementation of both tasks. For this reason, the command structure of the air forces in central Europe is designed so that priorities can be rearranged and forces assigned in accordance with the situation: central command with decentralized implementation. I am convinced that in the 1990's as well it will be neither operationally justifiable nor financially feasible to implement FOFA everywhere and at all times.

Secondly, NATO ground forces now have the capability of employing their weapons at a depth of up to about 25 km. Short-term planning priorities are aimed at improving combat effectiveness on the battlefield. Ground forces will have the capability of engaging more distant targets only in the long

term and with great differences in quality and in quantity in the individual corps sectors. But the necessary ranges, the accuracy of the weapons, the reconnaissance and still untested technologies subject the planning to a substantial risk. In any case, ground-based systems lack the flexibility and the range to carry out FOFA operations adequate to the situation in the event that the enemy changes the direction of his main thrust. This disadvantage can be offset only through larger unit quantities, if the same target spectrum is to be covered with the same effectiveness.

In the medium term, therefore, only air forces have the resources and the experience to implement FOFA. The existing command structure already allows the timely shifting of priorities and the corresponding allocation of forces when following echelons develop and must be attacked. The capability already exists, even though the available resources are not yet adequate.

Fulfillment of Requirements

To meet the FOFA requirements, the air force has begun to improve its capabilities in the area of interdiction/battlefield interdiction. We intend to put into practice our long-term planning goals in conformity with the established priorities. The plans will be realized gradually while limiting the risks. In this way, existing capabilities will be expanded on a broad basis.

The key elements of our planning are:

--to concentrate the use of forces to an even greater extent and to raise their operational flexibility,

--to procure up-to-date delivery systems and to improve the performance and applicability of existing delivery systems,

--to improve reconnaissance and command capabilities so as to achieve the maximum effect with a limited use of forces,

--to procure ammunition that combines high efficiency with a standoff capability and satisfies the principle of the economic employment of armed forces with low attrition.

The realization of all plans relevant to FOFA would break the Bundeswehr budget. The air force can build on what now exists and thus be in a position to continue to develop FOFA capabilities rapidly, in stages and with little risk. Scarce resources require this gradual approach.

Defense Against Tactical Missiles (TDM)

We must deal with the problem of the defense against tactical missiles. The air threat through the Warsaw Pact was examined in detail at the outset. During recent years, we have been observing a substantial increase in the offensive capability of the Warsaw Pact. A part of these increased capabilities of the air forces is the expansion of the standoff capability and the increased accuracy of nonnuclear tactical missiles.

We see as an existing threat the fact that all of NATO Europe is now within the range of the tactical combat aircraft of the Warsaw Pact, which are continuously being modernized with respect to payload, range, speed, etc.

We see as a developing threat the numerical strengthening and the expansion of the spectrum of the standoff weapons and unmanned aircraft, which can be designated as tactical aerodynamic missiles (TAM).

The third category and a new form of threat is comprised of conventional tactical missiles (TBM) with increasing accuracy. In regard to the efforts of the Warsaw Pact to strengthen its offensive capabilities, we have no doubt that it is building a conventional TBM force.

TBM's can be employed to engage high-quality targets so as to achieve the main objectives of a conventional war, such as:

- to avoid an escalation,
- to gain air superiority,
- to prevent a coherent forward defense and
- to stop the bringing up of reinforcements.

They are thus aiming at the key elements of a successful NATO defense.

Their short reaction time makes TBM's especially effective when the element of surprise in a coordinated first strike is fully utilized together with other air military resources. Possible targets may be:

- the NATO escalation potential,
- offensive and defensive air warfare systems,
- command installations and
- landing ports.

If the Warsaw Pact is able to achieve its objectives in a first strike, then NATO would be forced to escalate very early or to give up. For this reason, the defense of the threat through missiles must be seen as part of an improved conventional defense.

NATO's capabilities of meeting this threat appear to be limited. Whereas the existing threat can be met adequately, there are serious shortcomings in the area of defense against TAM's as well as in regard to quantity and there is no possibility of defending against conventional TBM's. This was not one of our tasks. Formerly the TBM's carried nuclear warheads and NATO relied on its own nuclear defensive systems. This new option for the Warsaw Pact results in the necessity for NATO to develop some kind of conventional anti-TBM capability.

These activities, and I would like to emphasize this, are completely independent of SDI. European ATBM's (anti-tactical ballistic missiles) are the response to the new option of the Warsaw Pact. As a matter of fact, the first thought was given to this as early as 1979, that is, 4 years before President Reagan started SDI.

Operational Aspects

Our considerations are dominated by the following principles:

1. If we view the existing, the developing and the new air threat as connected parts of the overall threat, then our countermeasures must also constitute a complete package. Consequently and because of our limited resources, concentration on only part of the threat is no solution. This leads to the first principle: we do not need any specialized ATBM systems but defensive systems that also have an ATBM capability.

2. In principle, the entire European NATO area is subject to the full spectrum of the air threat from the Warsaw Pact, although there are geographic differences that must be considered. But so that the cohesion in the air defense is not lost, it is necessary for all allies to participate and to make an appropriate contribution. This results in the second principle:

The resolution of the problem must be pursued in the scope of NATO.

3. A threat develops gradually. A new option does not suddenly appear overnight. New capabilities that force us to take action can be seen on the horizon. This results in the third principle: not to begin any immediate and all-inclusive hardware programs but to carry out careful studies swiftly and energetically.

4. In view of the increased threat both in quality and quantity, neither air defense nor air strikes themselves are capable of effectively meeting the threat. From this is derived the sufficiently well-known fourth principle:

All ensuing possibilities must be exploited for optimum use.

This last principle then leads us to the next point: What are the possible options and how are we to utilize them?

In general, there is passive and active defense and there are offensive measures. I would like to give a brief description and rough evaluation of them.

Passive measures pursue the objective:

--of interfering with target recognition and selection,

--of reducing damage and

--of contributing to the restoration of operational readiness.

To achieve these objectives, there is a broad range of individual measures, all of which are characterized by the fact that they are effective against the entire air threat. Although they are promising in the short term, one should not, however, come to the false conclusion that they are inexpensive. In addition, one must weigh "protection" against "combat effectiveness," which leads to the conclusion that the main effort in the case of stationary installations must be in survival measures and, in the case of mobile units, in measures under which they can be identified and classified as targets.

A strong active defense is a must that extends to the entire air threat. The defensive nature of the alliance permits the enemy to choose freely the time, scope and area of the attack. It is therefore critical for NATO to survive the first strike practically intact so as to retain the freedom of decision and action. Air defense must guarantee the survival of the capability for continued warfare in the political and industrial area as well as for the armed forces. In the scope of antimissile defense, all active air defense means ought to be in the position to engage future TAM's. In regard to a TBM defense, a comprehensive area defense does not seem to be necessary but it does, on the other hand, appear necessary to concentrate the resources on the most endangered target categories.

The third option is the air offensive. To regain the initiative, NATO must also carry operations to enemy territory. There an attempt should be made "to neutralize the Bowman so as not to be hit by the arrow." This means attacking the cause, namely the responsible body and the starting organization. The problem is in detecting the relatively small highly mobile targets in the depth and in employing one's own weapons in a timely manner. Basically, the capabilities for carrying out these tasks are very similar to those that are needed for FOFA, although the number and distance of the targets will increase.

This leads to the conclusion that no option by itself can guarantee success. For this reason, the final product of the considerations must be an optimum mix of measures. This includes a command system that is in a position to integrate the actions and that employs the existing resources most effectively. Since the current command system does not seem to be up to this task, this could be the most complex and most expensive problem in need of a solution.

Requirements

What must be done? If we recall the dominant principles, it becomes clear that I am recommending a gradual process. We should make use of what we have, improve existing capabilities, develop new capabilities where necessary and adapt them to the overall structure of the strategy and concepts.

The air force has a good base of available and already planned capabilities on which it can build:

--the program for protective shelters at airfields to increase survivability,

--the introduction of mobile systems contributing to flexibility and survivability,

--introduction of new weapon systems that substantially improve active defense,

--modern aircraft and weapons to attack targets in the depth of enemy territory.

We believe that this is a good basis on which we can continue to build. The next step will be the development of a structural plan to improve capabilities. Beginning with a comprehensive threat and vulnerability analysis, we will derive the short to medium and long-term requirement. A proven foundation is necessary so as not to over or underdimension. This requires studies and suitable technologies embedded in the basic conceptual conditions. But innovation could and should influence our conceptual thinking. Without setting the time, we see the necessary steps in the long and short term essentially determined by constraints, availabilities and financial resources. In the short term, the main effort is in the following areas:

--improvement of passive measures,

--improvement of the Patriot, from self-defense against TBM's to protection of facilities and installations and later to limited area defense,

--procurement of up-to-date ammunition for air strikes,

--improvement of penetration aids to raise applicability,

--realization of the Air Command and Control System (ACCS), the command system for air forces, to the necessary extent, that is, renunciation of a "gilt-edged solution" and, in the long term,

--a comprehensive improvement of the capabilities for dispersion,

--addition of components to defend against TAM's,

--introduction of new medium antiaircraft missile systems and fighter aircraft,

--pursuit of new exotic technologies and evaluation of their possibilities,

--considerations in regard to the introduction of own conventional ground-to-ground missiles.

Many of these projects relate not only to defense against tactical missiles but also include capabilities that contribute to the overall potential of forward defense.

Conclusions

Here I have outlined the task of the air forces in the NATO strategy and the path that the air force has chosen to improve its performance in two specific areas. Both areas are anchored in the conceptual bases of NATO, which are aimed at improving the conventional defensive capabilities and, at the same time, of consolidating the valid strategy through an expansion of conventional options. Ultimately the strategy of flexible response will maintain the credibility that is necessary to preserve deterrence.

In conclusion, I would like to emphasize that the improvement of conventional defense is not only a function of the strength of the armed forces and the number of available systems but also--especially in the situation of the FRG with its declining population resources--is a function of the utilization of technical progress to compensate for the smaller numbers. Some of the plans of the air force can be realized only through the introduction of up-to-date technologies. In this connection, I would like to mention:

--standoff target acquisition and monitoring with almost real-time evaluation for the effective use of weapons against FOFA targets,

--the most up-to-date intelligent ammunition with a standoff capability,

--acquisition and destruction of small air targets with high speeds and steep dive angles.

To stay within the financial limits, however, it is essential to proceed in a balanced manner, which not only permits one to keep pace with the threat but also limits the related development risks. A key role is thereby played by the growth potential of weapon systems, which allows us to maintain a slight lead over the adversary until a technological breakthrough is within reach.

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CSO: 3620/250

BRIEFS

FINAL LEOPARD PRODUCTION LOOMS--The Federal Defense Ministry in Bonn plans to award contracts for another 100 Leopard 2 battle tanks at a cost of DM 5.6 million each. Information received by DIE WELT indicates that production will be shared by Krauss-Maffei in Munich and Krupp MAK Maschinenbau in Kiel. The new tanks are apparently intended for the 10th Armored Division in Sigmaringen. Judging from the current status of plans, the new defense contract, which should be completed in the early 1990's, should be the last one. By then the Bundeswehr will have a total of 2,050 Leopard 2 battle tanks. Wolfgang Nuernberger, managing director of Krauss-Maffei, told DIE WELT: "We hope to have the contract in hand by September 1987, to avoid disrupting current tank production." However, prospects for additional follow-on contracts are poor for the Munich enterprise, which is the prime contractor for Leopard production. There are no potential customers in sight from other NATO countries. Says Nuernberger: "Things look bleak." In this context, the managing director considered layoffs to be a possibility. Funds for the Bundeswehr contract are provided in the 1988-1991 financial plan. Expert opinion indicates that there will be no new tank until the year 2000 or even later. At that time, such new developments as the liquid propellant gun or the electromagnetic gun may come into play. ["Bundeswehr Orders Another 100 Leopard 2's"] [Text] [Bonn DIE WELT in German 9 Mar 87 p 5] 9273/12951

MAJOR FALL MANEUVERS SCHEDULED--(Foreign Ministry Press Service)--An excerpt from the book "The Condition and Development of the Bundeswehr" (White Book 1985) states the following: "Capability for forward defense requires that operational readiness of the German and allied armed forces be continuously kept at a high level." For practical purposes, this means that every year three of four corps battle exercises take place on German territory (involving about 40,000 military personnel each), about 10 division battle exercises (with about 10,000 soldiers each), about 80 exercises in open terrain (each involving more than 2,000 soldiers) and almost 5,000 exercises lasting up to 4 days with up to 2,000 participants. In accordance with the CDE Agreement, maneuvers will be announced for 1987 also. They are: NATO: 18 (9 subject to observation); Warsaw Pact: 25 (9 subject to observation); Neutrals: 5(2 subject to observation). The FRG has announced four exercises for 1987, with the schedule providing the following: 1. Division Battle Exercise "Golden Lion" (FRG and United States). Area: Waldkappeln, Fulda, Friedberg and Siegen. Total participation: about 18,000, including about 2,500 U.S. Army. Forces involved: Ground and Air forces. Planned duration:

8 days (7-20 September). 2. Army Exercise "Kecker Spatz"--"Moineau Hardi" [Daring Sparrow] (FRG and France). Area: Schwandorf, Deggendorf, Bad Waldsee, Horb, Pforzheim, Markt Erlbach and Hilpolstein. Total strength: about 80,000, including about 25,000 French troops. Participation: Ground and Air forces. Planned duration: 1 week (13-27 September). 3. Division Battle Exercise "Brisk Fray" (FRG, UK and Denmark). Area: Puttgarden, Luebeck, Lauenburg, Neumuester and Kiel. Total strength: about 14,000 including about 500 British and Danish troops each. Participation: ground and air forces. Planned duration: 10 days (21 October to 4 November). 4. Division Battle Exercise (Name not yet announced)--FRG. Area: Beverungen, Eschwege, Bad Hersfeld and Marburg. Total strength: about 13,500 Bundeswehr troops. Participation: ground and air forces. Planned duration: 9 days (2-15 November). [Text] [Bonn DIE BUNDESWEHR in German Mar 87 p 36] 9273/12951

RIVAL RESERVIST GROUP FOUNDED--Helmuth Moehring, 64 president of the "Association of German Bundeswehr Reservists," took pen in hand sorrowfully. "I am asked frequently why we do not react unequivocally to attempts and publications designed to damage our association," wrote the former SPD delegate from Lueneburg, who is no longer a member of the Bundestag, to officials of his organization. He stated that he had attempted to correct statements made in Bonn's DIE WELT, but that his letter to the editor had not been published. Moehring was referring to articles and letters in DIE WELT and the rightwing security policy information service "LAP," which had dealt with the same subject: an undesirable competing organization, "Reserve Officers of the FRG" ("ROV"). DIE WELT did not print the letter from Moehring, whose 104,000 reservist members rank from private to colonel, which he had written concerning ROV as a reply to another letter to the editor. This would appear all the more remarkable since Moehring's deputy is Ruediger Moniac, editor of DIE WELT and its Bundeswehr specialist. Moehring and Moniac head an organization which was founded in 1960; its first president was Adalbert Weinstein, then the military expert of the FRANKFURTER ALLGEMEINE ZEITUNG. The mission of the association is even listed in the federal budget plan. In the paragraph entitled "Explanations to Item 68402," which is contained in the defense budget, we find the following: "The Reserve Association (VdRBw) has been charged with the task of providing representation and continuing education to former Bundeswehr officers, noncommissioned officers and other ranks in accordance with guidelines from the Federal Minister of Defense and under military law." Moehring's reservists also cite a "Directive by the Chief of Staff" dated 30 March 1981: "Reservist training will be conducted within the Bundeswehr for all...reservists...and in close cooperation with the Reservists' association..." From this, the organization which in 27 years has succeeded in attracting a mere 104,000 out of more than 5 million reservists to its ranks, derives what Moehring calls "sole representation status," which it has incorporated in its bylaws: "The association represents all reservists of the Bundeswehr." For this purpose the association receives barely DM 21 million from the federal budget. DM 14 million of this go for staff salaries, since this private, though publicly supported association employs headquarters officials in its state organizations, which are organized like military districts, and in its plush Bonn headquarters. Another DM 1.8 million per year goes for the cost of the reservist publication LOYAL. The rest is spent on public information

on security policy, which--as can be seen from the number of members--does not reach the large majority of former military personnel. Complaints to association headquarters concern an overabundance of association business, military patrols and firing practice and not enough intellectual stimulation. Now the "Reserve Officers' Association" raises its head and disturbs the Reservists' Association in its torpor. According to its press liaison man, Karsten Knolle, the ROV has 800 members by now, headed by a respected former deputy chief of staff, retired Lieutenant General Walter Windisch. Like his opposite number, Moehring, he too carries the title of president, but has five vice presidents. Among its objectives, the ROV lists the following: counseling its members on matters of military employment; measures to strengthen the position of reserve officers in the Bundeswehr and among the public; non-partisan public relations on security and defense policy; formation of working panels and study groups..." At present, the ROV is not receiving financial support from public funds, according to Lieutenant Colonel Werner Widder from the Federal Ministry of Defense. Nevertheless, the first membership meeting last December received greetings from Defense Minister Manfred Woerner, who also sent Brigadier General Werner von Scheven to attend it as his representative. Reservists play a big part in defense planning for the next decade. The number of annual defense exercise slots will be raised to 15,000; 24,000 reservists will be kept on "alert status" (subject to short-term recall for 3 months) after their basic training, while at the same time the number of active duty personnel will be reduced to 456,000. These measures are intended to preserve the image of a 495,000-man Bundeswehr. There is some doubt as to whether either the Reservists' Association or the ROV are the appropriate lobby to accomplish this.

[Article by Ulrich Mackensen: "Reservists Compete Against Other Reservists"
[Text] [Frankfurt/Main FRANKFURTER RUNDSCHEIN in German 2 Mar 87 p 4] 9273/12951

RESERVIST TRAINING PROBLEMS ASSESSED--The year 1987 is becoming a year of major shifts for the Bundeswehr. The subject of women in uniform, which had been shelved for election politics reasons, is still occupying a low-priority position on the urgency list. The reason for this, says the Defense Ministry, is that Fundeswehr strength can be maintained at present levels, without recruiting females, until 1995. It would nevertheless be advisable from a psychological standpoint to make a decision this year for or against female soldiers. If the decision is made in favor, we should guard against giving the impression that the women are merely stopgaps. Their integration into the army could be calmly prepared. In case of a negative decision, the subject would be removed from consideration for the next 20 years, thus also removing all insecurity. The so-called reservist concept is of much greater importance. After 1995 the planned annual activation of 400,000 reservists would not only double the number of participants in defense exercises; it would also lead to a variety of problems. There is for instance no suitable training organization in existence for this task. The Bundeswehr is only now testing two possible options for such a model in Stetten a.k.M. and Euskirchen. Nor is there a solution to the question of what to do with the many trained armored force soldiers. It would appear appropriate to "convert" them to infantry soldiers in-as much as the army has too few soldiers of this service for use in case of war. But retraining is time-intensive, and training capabilities are inadequate. The

subject of fairness in compulsory service will in the future play a big part for reservists also. Plans call for a more equal distribution than in the past of the number of mandatory defense exercise, among the rank groups of enlisted, noncommissioned officers and officers. This will however result in a considerable increase in the frequency of exercises. Unless the reservists are appropriately used and challenged in these exercise, they not only leave active duty in a disgruntled condition; they also contribute to a negative image for the Bundeswehr. Employees and employers should therefore be equally well informed about forthcoming requirements. Until now, there has been nothing other than brainstorming on how this could be accomplished. Agreement on the part of industry is not assured. A special consultant for reservist affairs has been appointed to look into these questions. However, it is not known whether or not this special planning slot, which will be filled by retired Lieutenant General Kasch only until expiration of his recall to active duty on 30 September, will be retained after that date. To focus upon the forthcoming competitive situation with industry, the Bundeswehr must now also initiate the financing of an attractive recruitment program. In the future, the Army will require 12 percent of the annual crop of recruits as volunteers, compared with the present 8 percent, who in addition will have to commit themselves to longer periods of service than at present. Better training in civilian occupations during Bundeswehr service is just one of the incentives for this. It is estimated that after 1988 the Defense Ministry will once again have to introduce reenlistment bonuses. Preparations for passing necessary legislation will therefore have to be made this year. Another factor which would make military service more attractive would be a reduction of concomitant burdens. There are plans to determine compensation according to individual situations, rather than, as in the past, by an indiscriminate system. This also will require the preparation of a legal basis during 1987. In realigning the defense mission, the Ministry of defense will require masses of regulatory, procedural and organizational changes. The efficiency in planning, management and organization will have to improve if the Bundeswehr is to be capable of integration in international projects once again. Decisionmaking processes extending over many months in a petrified bureaucracy have led to a situation in which the German armed forces no longer take the lead in international defense projects. The last major shakeup and reform of the Defense Ministry's procedures took place in 1970. This year also will see the need for decisions on such billion-mark programs as the 1990's fighter, 1990's armored forces and antitank helicopter 2. All these measures will have an impact on the organization of the armed forces. The army will be affected the most. Today's "Model 4" must be modified. It can be stated with certainty even now that upon completion of the reforms and new directives the Bundeswehr will have little in common with today's Bundeswehr. Also, that a half-hearted and partial implementation of these tasks would leave the Bundeswehr in a dismembered state. [Article by Clemens Range: "How is the Bundeswehr Dealing with its Reservist Problem?--1987 Will be a Fateful Year for the National Defense"] [Text] [Bonn DIE WELT in German 10 Mar 87 p 2] 9273/12951

CSO: 3620/206

OFFICER SCHOOLS HAVING MORE DIFFICULTY IN GETTING RECRUITS

Helsinki HELSINGIN SANOMAT in Finnish 13 Apr 87 p 13

[Article by Jaakko Pihlaja: "Officer Training Using Delaying Actions Against Civilian Benefits"]

[Text] An idealistic love of one's country and a calling continue to be a strong incentive for young men who aspire to an officer's career.

The interest in outdoor activities, exercise, and an active military life is winning over the lower wage level and the frequently slow advancement opportunities in careers in the civilian world. But for how long?

The Cadet School annually receives applications from approximately 300 young men, of whom less than half is accepted for the stringent boarding school type study program. Applicants in the largest age groups have decreased, but the number is still considered to be sufficient. A little less than 100 are eliminated on the basis of academic qualifications. The best of the remaining are selected in physiological and psychological tests.

In the opinion of Colonel Sami Sihvo, director of the Cadet School, there is reason to debate whether RUK [Reserve Officers School] should be considered as an unconditional requirement for the Cadet School in the future.

Sihvo states that the number of applicants appears to be small in relation to the potential officer material of any one age group. The Reserve Officers School is the first strict screening process. A large number of secondary school graduates is eliminated in this first step.

Approximately 12,000 young men become university student candidates annually. Only 7 percent of this age group, approximately 3,000 young men, is accepted to the RUK. Among them, 1,000 or 1,500 at the most would be suitable for active service, but many are enticed by civilian life, a ready-made trade, or studies.

Now only a few warrant officers, who are secondary school graduates, have become cadets through the officers' academy. The possible long path from a

basic school education through a college level education to the admission test given by the Cadet School has ended in a few bogged down applications.

According to Sihvo, the level of those selected has still remained rather high. The final secondary school grade for more than half has been above 8 and the grade for matriculation examinations for university students has been magna cum laude or laudatur. The physical and psychic condition has also been good, indeed many have a strong exercise program in their background.

Shortage of Swedish-Language Applicants

More cadets than previously have been accepted for training in the last couple years, the number was 154 the last time. Sihvo says that this reflects the number of officers retiring from active service at the end of this decade. Vacancies will have to be filled.

One out of ten cadets finds in the middle of the course that an officer's career is not what he really wants. The number of those giving up their studies is, nevertheless, smaller than among students, in general, in Sihvo's opinion.

The paucity of applicants who speak Swedish as their mother tongue, for example, from Swedish-speaking Ostrobothnia is a major problem in the officer training program. According to Sihvo, at least 15 such men are needed annually because of the turnover of positions, but the number has remained under 10, four the last time.

The Cadet School's inadequate facilities in Santahamina are of concern to the instructors. Colonel Sami Sihvo is afraid that they affect training and the presenting of models. Now it appears that the renovation promised for this decade will be postponed into the 1990s, before training and housing facilities can be modernized.

On the other hand, it was feared that the growing need for pilots by our national airline will test the endurance capacity of the air force. The small annual courses of the Flight Reserve Officers School will not withstand the threatening taxation since the need for officer training for pilots comprises nearly half of the reserve officers course.

The Air Academy does not yet dare to estimate how things will go in the search for applicants ending in the beginning of June. Lieutenant Colonel Pentti Hietanen suspects that it will be difficult to obtain sufficient strength. So far the desired number of 15 cadets for the annual course has been achieved.

According to Hietanen, the matter has been found to be so serious in the Air Force General Staff as well as in Finnair that a joint work group has been established to deal with this matter.

Colonel Matti Lukkari, chairman of the Officers' Union of the Professional League, suspects that the doubled or tripled wage level to be obtained in the

civilian sector in a few years cannot help but have an effect on the recruitment of young pilots. The same is also beginning to show up in the willingness of young army officers to transfer to civilian jobs, indeed, not yet to an alarming degree.

In Lukkari's opinion, a calling and free training are not sufficient to compensate for the realities of daily life. The entry level wage of young officers should be made competitive.

The entry level wage of a lieutenant who has completed the Cadet School course is presently 4,900 markkas, which increases to approximately 7,000 markkas with all the benefits.

Recruiting for the Cadet School's army and navy courses will conclude in the beginning of May. The 3-year training will begin in September with a joint period for all branches of service lasting approximately 1 year, after which training will gradually become specialized for the specific branch-of-service school.

More and more officer candidates are coming from Northern and Eastern Finland. Their average age is 21 years, and they are bachelors almost without exception. One in six is the son of a military man.

Condition of Men Measured at Cadet Winter Camp in Sotinpuro

Rautavaara--The wilderness between Valtimo and Rautavaara has been a combat zone for 2 weeks in an exercise for nearly 600 soldiers. The Cadet School's winter camp provided training in combat and troop leadership while soldiers waded through wet snow under difficult conditions and tested the terrain and combat requirements of new transport vehicles.

The cadets' winter war began with an assault exercise and climaxed with an intense guerrilla and anti-guerilla action. A company from the Karelian Infantry Battalion and the most junior cadet course made up the yellow troops, which the guerrillas harassed until they themselves were driven back.

On Thursday morning, when the situation is finally over, the future officers exhausted from night strikes and long ski treks, await for transportation home with 2 weeks of sweat, dirt, and soot on their faces covered with the stubble of a beard. Even though a spring sun shines warmly and a smile plays on their faces from relief, it is difficult to imagine the boys as social lions in this situation.

Just a few hours before their nerves were still on edge when the repelled guerilla troops attempted to show up at the assembly area as the frost became more bitter. The effect of the warming fires already produced anguish for the benumbed men.

The winter exercise is a test of the physical condition as well as the spiritual side especially for the second year cadets. Staying awake and being

continuously driven back under difficult winter conditions strips a man of his will.

The last day is hard. Night strikes are conducted against the enemy's command posts and support bases. Enemy patrols at a distance of several kilometers are evaded and aerial surveillance is avoided.

Even though the weather favored the exercise this year, in the beginning the troops had to wade through deep wet snow. Snowmobiles had the most difficult time getting through. The caterpillar trucks and the armored Pasis, which were at the disposal of the cadets for the second time, on the other hand, cut a path through the terrain without any difficulty.

The snow, which is now strong enough to support weight, already facilitates advancement, but the fatigue is enervating. There is no hope of a rest, there is not even any time for eating. The groups escape across the wilderness as best they can.

The arrogant guerrilla troops attack the maintenance and supply bases in broad daylight. Taking advantage of the confusion, destructors slip into the maintenance and supply center to blow up military stores. A few guerrillas are captured, the remaining vanish into the woods after their acts of sabotage.

The operations staff is fortunate. Cadet Sergeant Juha Uusikartano courageously chooses a direct path of assault. Even Yla-Keyrity Lake is crossed in full light. The tracers stray, and no troops are encountered on the chosen route. Even the patrols along the road are evaded and they are able to cross the road without being noticed. The final kilometers are quickly covered with snowmobiles concealed in the woods.

The enemy's hold becomes tighter in the dark. The platoon approaching from the other direction falls straight into the trap. The group of men and the snowmobiles are lost. Another platoon in the vicinity slips through to the protected assembly area in the confusion of the battle. The last of the platoons does not arrive until early morning.

The exercise progresses the whole time according to the advance plan compiled in the school. In addition to the second cadet course, which deals with guerrilla actions, the younger cadets first become familiar with assault combat and then move on to protective and counterguerrilla actions.

The school attempts to provide the cadets with the qualifications and readiness for peacetime duties as commander of a basic unit and teaching officer and for wartime duties as a troop unit staff officer. The trend toward college-type research has increased subjects related to a general liberal arts education even though military skills and national defense are in the forefront. Practical exercises are the salt of theoretical teaching.

First year course cadet Ilkka Herranen from Rovaniemi does not regret his career choice even after the winter camp. He has 7 months of service as a

second lieutenant in the border patrol as a basis for a military career. The goal is to return to the border patrol as a lieutenant.

"This is a good way to serve one's country. It is an interesting career and one can remain outside," were Herranen's concise arguments.

The serious approach to accomplishing the task, even though it is a question of play warfare, tells of the enthusiasm of the young cadets.

The winter camp is the event of the year for the cadets as well as for the instructors.

A more senior instructor vehemently interrupts the animated stories of the young lieutenants about the different phases of the just concluded guerrilla exercise: "We can hear about this next year!"

Similar stories, one more colorful than the other, about leading the enemy astray and the events of the 2-week exercise are told around the cadets' camp-fires. And when the young officers from the different courses meet after school, they all have one thing to talk about: how hard the winter camp was.

10576

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ARMED FORCES URGED TO CONSIDER NEW PROCEDURES FOR LAPLAND

Helsinki HELSINGIN SANOMAT in Finnish 16 Apr 87 p 2

[Op Ed Article by Antti Laine: "Lapland Defense Dependent on Enlisted Reserves"]

[Text] Antti Laine, doctor of philosophy, is an assistant in Finnish history at Joensuu University. He has researched Finland's occupation policy carried out during the continuation war in Eastern Karelia.

Recently, a quickly formulated new idea for arranging Finland's defense has been made public now that military emphasis has been transferred to sparsely populated Lapland and an increasingly technical weaponry requires more training and readiness than what the short period of obligatory military service is able to offer.

Major General Martti Alatalo, the commander of the military district responsible for the defense of Lapland, proposed the idea that alleviation could, perhaps, be found for the weak employment situation in Lapland by keeping a military ready and dedicated regular personnel as "semi-permanent" enlisted reserves.

By keeping such troops for longer periods of time every year than what the regular reserve system would allow, the men would in a sense become part-time enlisted men, which is probably the crux of the idea. They could be given sufficient training in the use of more technical means of warfare; tank weaponry and anti-aircraft equipment come to mind.

The proposal for a new system would provide an opportunity to achieve operational readiness more quickly than at the present time. It was proposed that the experiment commence soon and by means of employment appropriations.

The idea of "national defense reindeer herdsmen" is not at all new.

A similar system was in use already during the Roman Empire and even later. Finns also entertained the idea of a similar system during the last war in deliberating the future of Eastern Karelia.

More Technical Military Weapons Require Longer Training Periods

The Roman Limes system was built as a defense system for the remote borders of the empire. It included a chain of fortifications with fixed defense structures, which stretched across Central Europe for hundreds of kilometers. The manpower needed for the defense of these areas was stationed as permanent personnel who lived off the land in the border areas and could be used for defense in the event of the threat of danger. In those days soldiers could not be quickly transferred over hundreds of kilometers to the nation's borders.

When the Turks threatened Europe from the Balkans 500 years ago, a defense zone under direct military control was formed against the Turks on Hungarian-Croatian territory. This border area was gradually transferred from the area's large landholders to the direct control of a military governor. He was under the direct command of the ruler in Vienna.

At its widest the military population of the border extended across the whole border facing Turkey. It was the most widespread in Croatia where approximately half of the population was comprised of residents of the military zone. The system was not dismantled until 1873.

The population primarily served the security needs of a large, nationally and ethnically divided Austro-Hungary. The strategically important direction of defense was secured by placing the border area under the direct command of the crown without the nobility or the governing organs of the more or less autonomous areas having any right to interfere in its administration.

In Finland, the Wehrbauerschaft-system (national defense peasant system) came up during the continuation war when military experts and administrators were planning the strategic role of Eastern Karelia. An Eastern Karelia Military Administration, which was to be an interim organ, was established for occupied areas until conditions in the area could be arranged on a permanent basis after the conclusion of a peace.

Commander-in-Chief Mannerheim appointed a committee on 20 September 1941 to deliberate the question of Eastern Karelia. After a year in the fall of 1942, the committee completed the plan for the general parcelling of Eastern Karelia.

In the fall of 1941 already, Infantry General Paavo Talvela, the commander of the VI Army Corps, had assigned his subordinate, Colonel Snellman, the duty of deliberating the course of the border, its protection, and the organization of a military administration in the area in question. According to Snellman, administration was to be kept in the hands of the military. The settlement of a completely trustworthy population of vital importance to the protection of the border was to be accomplished by means of colonization "by normal means and without special expenditures". The conditions were to be such that the best military personnel could be detached from their home districts and resettled in the border area.

According to the committee's report, exceptional regulations were considered to be necessary in the vicinity of the national border. The immediate border area devoid of population would have been placed under the jurisdiction of a military administration. Retiring and border infantrymen still in the service would have been settled on so-called retirement farms nearest the border. According to the plan, while cultivating these farms, they could have at the same time carried out military duties connected with the guarding of the border. Also such farms could have been distributed to trustworthy individuals who had distinguished themselves in military service.

Apparently, such ideas were transmitted to the committee from Talvela's discussion with General Engelbrecht, who was the commander of the German 163rd Division stationed in Syvari in the fall of 1941. Engelbrecht proposed the complete evacuation of Eastern Karelia all along the Tuulos River and the colonization of the area with Finnish "national defense peasants".

The Germans had similar plans borrowed from Austria for the future colonization of Poland. Mannerheim also recorded as a comment his desire for the accomplishment of such a colonization as a guarantee that the "new border area" will have a population in whose hands the future economic and patriotic national development of Eastern Karelia could be entrusted.

Army To Assist in Management of Lapland's Employment Problems

The Roman Limes-system is ancient history. The Balkans and Eastern Europe are no longer under the threat of Turkey and have become independent and indeed nationally splintered states. The plans and dreams for the future of Eastern Karelia were finally buried rather quickly and Finland's security policy was to be built on a completely new foundation. Trust in its eastern neighbor is the cornerstone of Finland's security policy.

Weapons systems have become more developed, the age group of draftees is becoming continually smaller, and along with it also the reserves. The short training period even supplemented with recurrent training does not in the opinion of the military men provide a sufficient opportunity to become familiar with new equipment in the event of a crisis situation.

How can we defend a sparsely populated Lapland, which has become the most important area in Finland's defense of its neutrality according to the experts? Is Lapland a vacuum between the two military alliances? Such a vacuum must not exist during a crisis, an attempt must be made to fill it. What would preserve credibility in Finland's defense capability when foreign troops cannot be stationed on its territory as in the small states belonging to the military alliances?

The opening of the debate by the commander of the Lapland Military District raises questions which appear to be connected with the problems of defending sparsely populated, extensive border areas. The demands of the time have at different times been established as the premise. Apparently, the common factor has been the quickest possible accomplishment of a high level of military

readiness. This will not be easy even with modern means of transportation since the tools of warfare are also quick.

Is the general's proposal a question of creating a semi-permanent local defense system since readiness cannot be maintained otherwise? It must also be considered whether the credibility of securing neutrality can be guaranteed otherwise or whether we must throw our hands up. The employment question was certainly not the most important premise of the general's proposal, but an enticement for testing the system.

A "military element" possibly desiring to move to Lapland cannot apparently be kept in place by an extended and paid military training if funds are completely exhausted. In the first place, it is most likely also not a question of area policy. Is the credibility of the inviolability of sovereignty to be achieved by an old system or is there a need to change the basis of defense by transferring to a "semi-permanent" army.

There is reason to discuss these matters.

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FINLAND

MILITARY

PAPER URGES GREATER OPPORTUNITIES FOR WOMEN IN ARMED FORCES

Helsinki HELSINGIN SANOMAT in Finnish 30 Mar 87 p 2

[Editorial: "Equality To Be Extended to National Defense Duties Also"]

[Text] Women in Finland should be given an opportunity to participate in unarmed national defense duties on a voluntary basis. It is wrong that a very narrow feminist front may be an obstacle to the fact that we do not train women interested in this matter for duties in time of crisis.

The participation of women in national defense tasks has been taboo in Finland in recent years. Silence has hidden the fact that, in fact, a surprisingly large number of Finns consider the participation of women in national defense tasks to be necessary.

According to a poll conducted at the end of last year, nine out of ten Finns supports the training of women in unarmed duties of the defense forces, if necessary. And 40 percent of those think that it should also be possible for women interested in this matter to receive armed training.

A weapon in the hands of a woman has, however, always been a foreign idea to Finns. The Lotta organization even drew a strict line on this matter. Since today's women's movement is also in agreement with this traditional understanding, it is self-evident that in deliberating the possible participation of women in the national defense duties, they must always be excluded from armed military action.

This is completely justified since the world's largest trained reserve force in relationship to Finland's population is sufficient without women.

Nevertheless, there is much to be developed in women's opportunities in jobs related to national defense. The legislation concerning our UN peacekeeping troops was recently revised so that women would in principle have an opportunity to serve with them in medical jobs, for example, as is the case with the peacekeeping forces of the other Nordic countries.

It is peculiar to the Finnish concept of sexual equality that the equality movement opposed the change in legislation. Instead of promoting equality in

national defense jobs, it opposed the participation of women in them by all possible means. Elsewhere in the world, beginning with our neighbors to the East as well as to the West, military positions have been opened up to women also on a partially equal footing.

Indeed, several thousand women serve in Finland's defense forces also. They are primarily involved in service jobs, but quite a few of them also serve as radar analysts and communications specialists in coastal defense as well as in the air force. They accomplish exactly the same work as thousands of soldiers in various parts of the world, and they will not abandon their posts if a crisis occurs.

Women in radar and communications jobs differ from their male counterparts in only one respect: they have no opportunities for advancement. They are denied promotions by the fact that women have no business being in actual military positions unlike women in Sweden and Norway, for example. This self-evident inequity does not, however, seem to be a problem for the equality movement.

Unanimity regarding the fact that women need not bear arms here is part of Finland's national consensus. But according to the same consensus, those who are willing should have an opportunity to receive training in unarmed national defense jobs or to advance in jobs in the service of the defense forces. What kind of a democracy is that which allows the image created by a rather small minority to be an obstacle to it.

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FINLAND

MILITARY

BRIEFS

WARRANT OFFICER TRAINING REVISED--The reformed college-level warrant officer training will begin in 1989. The Defense Ministry has approved a plan, the purpose of which is to revise officer training to correspond with college requirements. The reform of general intermediate education requires the reform of warrant officer training. The purpose is also to enhance the training and position of specialized officers, enlisted personnel, and civilians in the service of the defense forces. The revisions concerning wages, military ranks, and training are being planned separately according to the ministry. The ministry approved the General Staff's proposal, in which the original plan for personnel reforms in the defense forces was revised. It was changed when in the opinion of the Finance Ministry there were no possibilities for essential increases in resources in the near future. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 16 Apr 87 p 16] 10576

ITALY

MILITARY

WESTLAND-AGUSTA EH-101 HELICOPTER DESCRIBED

Milan SCIENZA DUEMILA in Italian No 5 May 87 pp 77-80

[Article by Alberto Mondini: "Protagonist of the Rotating Wing"]

[Excerpts] The EH-101 is, and above all, will be a leader. With a cruising speed of 300 km per hour and a range of approximately 1,000 km, the civil version of this helicopter will weigh as much as 14,288 kg and will be able to transport 30 passengers plus luggage or 3,900 kg in payload.

The EH-101's specifications place this aircraft in a class of its own. Compared to similar helicopters in service today, it represents substantial progress in terms of safety, reliability, operating costs, and performance.

Safety

In designing this helicopter and defining its specifications, safety was a major concern. These are the results: the EH-101 is powered by three turbine-engines which also give remarkable backup capabilities. In fact, it flies without difficulty on two engines only, and on three engines the EH-101 has a substantial power margin. The new design of the EH-101's rotor blades, which were previously tested on Westland's Lynx helicopter (winner of the 1986 speed record), yield a 35 percent gain in power. The fuel tanks are shockproof. The undercarriage can absorb any energy resulting from a low-altitude crash. The structure of the fuselage has been designed to resist and limit stress. The EH-101 also is equipped with a self-diagnosis system called HUM (Health and Usage Monitoring) which can detect malfunctions in any of its components.

In addition to the advantages described above, mention must also be made of a special testing program designed to provide an extremely accurate check of the helicopter components and their functioning. In fact, nine helicopters called "pre-assembly line units" will be used for a program of ground and flight testing totaling 5,000 hours. The onboard instruments for monitoring and recording all the necessary parameters will make each flight an extremely stringent test. Furthermore, a mobile six-axis simulator will be used. One fuselage will be sacrificed for fatigue testing, while a second one will be sacrificed for statistical testing.

When the EH-101 starts passenger services, it will offer the same level of safety as any other aircraft. What type of passenger will travel on this helicopter? Initially, it will shuttle personnel from offshore platforms to the mainland because there are no other alternatives available today. However, it is believed that the EH-101 will eventually transport passengers on short routes.

It is common knowledge that no helicopter company has ever succeeded in running a passenger service at a profit. This is due to the fact that helicopter operating costs are higher than those of aircraft because of the greater maintenance requirement. In designing the EH-101, particular care was devoted to this aspect in order to streamline maintenance operations. After an initial adjustment period, the number of overhauls required should gradually decrease, making this type of passenger service profitable without detracting in any way from passenger safety.

The Navy's Requirement

The capabilities required of the EH-101 were as follows: anti-submarine defense, reconnaissance and detection of enemy ships, missile attacks on ships, amphibious operations, electronic countermeasures, and search and rescue of shipwrecked people.

They also act as airborne radars for the navy. The maximum radar range of a ship is 80 km, whereas a helicopter's range is twice that distance. During the Falklands war, the Royal Navy had a particularly strong need for a helicopter capable of detecting Argentine jets armed with Exocet missiles, and of alerting anti-aircraft ships and Sea Harrier interceptors promptly. Today, while waiting for the EH-101 to become available, the aircraft used on aircraft-carriers such as H.M.S. Invincible consist of two Sea Kings deployed as airborne radar pickets. The Royal Navy has ordered 50 EH-101s while the Italian navy has asked for 38.

Avionics

How can a ship with its lights out be detected at night? How can shipwreck survivors be found and rescued at sea? Last, how is it possible to patrol a sector at sea with no landmarks? Avionics are not simply fundamental for carrying out the above operations--they are absolutely indispensable. The brain of the system is a computer supported by a back-up computer system in order to guarantee operation even in the unlikely event of a failure or malfunction in one of its components.

This computer supplies navigational data and acts as automatic pilot as and when necessary. The "health" of the various parts is also computer-controlled. Under the bow, a radar operating on I band (3-4 cm wavelength) sweeps the horizon through 360 degrees.

All the EH-101's electronic systems are manufactured by British and Italian firms involved in the program. The automatic flight control system is produced by Smith and by OMI-Agusta, while the radar-altimeter was developed by Elettronica Spa and Plessey. The Doppler speed sensor is produced by

Racal/Fiar while the computer was built by Selenia/Ferranti. The EH-101's stability and bow control system, called LISA 4000, was developed by Litton Italia. Although Litton is the Italian subsidiary of a U.S. group, LISA 4000 was entirely designed and produced in Italy. Compared to similar systems, this equipment weighs only 5.4 kg and is extremely reliable, qualities which make it a remarkable piece of avionics.

While other systems need six or seven containers in addition to connecting wires, LISA 4000 requires only one, and therefore is less cumbersome. Therefore, this system can be connected with one plug only and disconnected without difficulty. LISA 4000 does not require any cooling and is ready to function only 15 seconds after switch-on.

The electronic components and structure of the EH-101's control panel can vary considerably according to the use to which the helicopter will be put. The EH-101 was in fact conceived to perform the most diverse tasks.

Multirole

The versatility of this aircraft has been exploited successfully by its designers, who have managed to create a standard helicopter which forms the basis for a number of different systems: from its applications for the navy, ranging from defense-attack to rescue operations, to the transport of personnel on offshore platforms and passenger transport. Moreover, all the aforementioned activities have been optimized; the naval version of the EH-101 requires one pilot only, one navigator, and one sonar and radar operator for antisubmarine action (all crew members have Martin-Baker ejection seats); the utility and army version of the EH-101 will be fitted with a rear loading platform; for passenger services, emergency exits will be provided on either side of the helicopter, above the undercarriage wheel housings. The air conditioning system is produced by Microtecnica of Turin.

The EH-101 will take off in a few days. Approval of the civil version is scheduled for 1989 and this version will then enter into service in 1990. The naval version will follow shortly after.

Insert Box

Specifications

Size

Diameter of 5-blade main rotor	18.5	meters
Total length	22.94	"
Total length with rotor and tail folded	15.85	"
Width without rotor	5.49	"
Total height	6.50	"
Length of passenger cabin	6.50	"
Width of passenger cabin	6.50	"
Height of passenger cabin	1.83	"

Weights (naval version A, commercial B, utility C)

Basic A empty	7,195 Kilograms
Basic B empty	7,315 "
Basic C empty	7,662 "
Max weight Basic A at take-off	13,000 "
Max weight Basic B and C at take-off	14,288 "

Performance

Maximum speed at sealevel	160 Kts (296 km/h)
Cruising speed at max continuous power	150 Kts (278 km/h)
Take-off distance at max take-off weight	213 meters
Distance with vertical take-off, B	463 Km
Distance with fuel reserve	
30 passengers, B	1,020 Km
20 passengers, B	1,390 Km
Ferry Range	1,850 Km
Flight duration	5 hrs

Engines

The pre-assembly prototypes are equipped with three General Electric/Alfa Romeo T-700 of 1,729 HP on the axis. In the commercial version, CT7-6 engines will be used.

8704
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NAVY JOURNAL REPORTERS, READERS ON SUB INTRUSION EFFORT

Increasing Resources, Effort

Stockholm MARIN NYTT in Swedish No 2, 1987 pp 2-3

[Text] The Navy's request that people report observations which may involve violations of our national integrity has met with strong response from the public. All reports are carefully analyzed. It can be stated that the informants are serious and that they have really seen something.

Thorough analysis of those reports has left several cases which could be explained only by the fact that foreign submarines had been loitering in Swedish territory.

Some criticism has been directed at the Navy, especially in the local press. The reason is that civilian observations have not led to any obvious measures by the Navy. There has rightly been a demand for quick countermeasures.

The large number of reports means that the Navy must make difficult choices. Is a particular report important enough to justify an immediate response, or should it be analysed further? The Navy's resources are currently very limited. The Navy commanders in charge want to react quickly by sending ships and aircraft to the site to try to identify whatever was detected. But if they do, their few resources will be split up, and that may be what the intruder is aiming at. Last summer, our antisubmarine force's operations were concentrated in an area other than the stretches of coast where sightings were being reported. It is a regrettable fact and no secret that at present, the submarine hunt can hardly take place in more than one area of the sea at a time, even though we know that the intrusions can occur in several coastal areas simultaneously.

Resources and Objectives of Antisubmarine Defense

When the priority of antisubmarine operations was downgraded in the 1968 and 1972 defense decisions, the result was the gradual creation of a vacuum that someone else is obviously taking advantage of now. Since the U-137 episode and the incident in Hars Bay in 1982, Sweden's antisubmarine capability has slowly but gradually been strengthened. Those efforts are now beginning to

yield results. But we obviously have not yet produced a deterrent effect. We are at the start of a phase of rebuilding. We must become so dangerous that the intrusions will stop. That will require a large future investment in personnel, equipment, and preparedness. How large that investment will be will be decided in future defense decisions.

Through surveillance using various search and patrol systems, we must try to obtain early warning of foreign submarines operating in our territory. Hunting submarines then becomes a question of endurance. An all-inclusive combination of resources is required to force a submarine in our territory to the surface. This means that submarines must be hunted with several different kinds of units. Each of them must be of good quality if they are to constitute a real threat. It must be possible to set up patrols quickly in especially sensitive areas that become the object of foreign attention.

The antisubmarine forces must consist of coastal corvettes, aircraft, submarines, helicopters, patrol boats, minehunters, and guard ships. A force should contain a total of about 20 ships, aircraft, and helicopters that can operate in an area the size, say, of the Blekinge coast, the Gotland Sea, or the Norrland coast between--for example--Harnosand and Ornskoldsvik. Fixed surveillance installations and mines are required for guarding and defending especially sensitive areas.

Experience to date shows clearly that a force should be constituted in such a way that its various roles can be divided up as follows:

Submarines and ASW aircraft keep watch over large areas. When contact is made, helicopters are sent out to take quick action against the detected target. Coastal corvettes are deployed to force any detected submarines which remain to the surface or out of our territory. Their action supplements that of the helicopters, since with their sonar and weapons, they can remain at sea for a long time to pursue and combat the submarine.

Patrol boats and sonobuoys are used primarily near the coast and in the archipelagoes. The patrol boats have relatively poor monitoring capability but can carry a relatively large number of weapons. This means that by working with the helicopters, which have good equipment for localizing submarines in movement, the patrol boats can present a serious threat within limited areas. If the submarine chooses to lie still on the bottom in an effort to evade detection and combat, our modern mine clearance vessels can find it.

The Coast Artillery's antisubmarine defense units guard important archipelago areas on and under the water on a permanent basis. In areas where we cannot maintain a permanent watch, we can deploy specially trained and equipped patrol units from time to time.

Obviously, the foreign power that sends its submarines into our country feels that it is absolutely necessary to reconnoiter and watch our defense forces constantly so as to be able to produce a surprising and preferably paralyzing effect if the time should come for an attack. There is no doubt that our

society is so vulnerable that a strike against sensitive civilian and military key points--many of which are located along the coast--could seriously delay our mobilization. If we can prevent activity by the intruder in peacetime, his operations against our total defense organization in the initial stage of a possible war will be made more difficult.

The buildup of our antisubmarine defense must be aimed at creating such capability that the intruder will obviously find it difficult even in peacetime to engage in offensive warfare exercises along our coast and in our archipelagoes. The risk of being caught and even sunk during such activity must be made so great that the political and military consequences will no longer be acceptable.

Importance of Quality

The Navy now has several years' experience with trying to deal with the problem with few resources. We have had contact with foreign submarines--even to the point that weapons have been used. But the range of our search equipment has been too short, and our accuracy in armed action has been inadequate. The will to do our best has been good and uninterrupted. We now know from experiments, practice exercises, and several genuine operations what needs to be given priority. What we need, among other things, is modern sonar for our submarines and patrol boats. That and other important items are now included in the plans--but for economic reasons they will come too late. They need to be ordered now! That would make the units now available considerably more effective. This is especially important in that the four coastal corvettes now under construction will not go into service until around 1990.

Importance of Quantity

In other words, the current strengthening of our antisubmarine defense is going to take time. Not until around 1990 will we have set up our first mobile antisubmarine force and expanded the fixed installations for guarding our most important base areas and so on. That will complete the first stage in the strengthening of antisubmarine defense. But it will not mean that we can then settle back and wait to see if those efforts are enough to stop the intrusions. Unfortunately, however, that attitude seems to exist.

Experience shows that our waters are being violated in several widely scattered areas simultaneously. An antisubmarine force can hardly have a deterrent effect anywhere except where it happens to be at the moment. The supreme commander of the Armed Forces is therefore recommending in his program plan that as a second stage, we procure more ships with antisubmarine capability, more helicopters, and fixed guard installations in more areas.

In order to be able to organize a second antisubmarine force, it is consequently most urgent to procure more coastal corvettes and aircraft. That will make it possible to relieve the antisubmarine force already on duty or to operate in more than one area of the sea at one time. It is also necessary to be able to man more of the submarines and to set up more antisubmarine defense units.

This means that more people are needed. So far, despite the shortage of personnel, the Navy is coping with its manning requirements thanks to the personnel's dedication and willingness to help out despite the long duty periods and the resulting strains on family life. It is important to retain that dedication and spirit of self-sacrifice. Here is where the content of the defense decision will be decisive as far as the personnel's confidence in the real will of the government authorities is concerned.

The political leadership's resolute statements concerning the importance of putting an end to the intrusions are an inspiration to Navy personnel, who are therefore counting on a further quantitative buildup to lend force to those words.

Invasion Defense, Antisubmarine Defense: no Contradiction

It is important that the Navy establish units in the future which will not only be capable of defense against invasion but also be able to handle antisubmarine defense. There is no conflict between those two roles. The Navy's units are usable in a crisis, in time of neutrality, and in wartime. A strengthening of invasion defense can be so designed that antisubmarine defense will also become stronger and detected intrusions will not have to be left unresolved to the extent that they are today. And stronger antisubmarine defense will also bring better results in our total defense organization's ability to act as a deterrent. So the number of Navy units needs to be increased as quickly as possible.

The most acute shortcoming in defense is being taken care of first. In his program plan for 1987-1992, the OB [supreme commander of the Armed Forces] is recommending a strengthening of defense that will make it possible to increase the number of units and thus to decide now that the second antisubmarine force will be organized.

Navy personnel are going to do their utmost to put an end to the intrusions using the means at their disposal. That is what they are doing now, and that is what they will continue to do. The outcome of the defense decision will be crucial in deciding when we will have reasonable deterrent capability against foreign submarine activity, which is so extremely serious for us.

<u>Each force should consist of:</u>	<u>Situation today</u>	<u>Situation around 1990</u>	<u>Still needed to establish a second force</u>
1-2 ASW aircraft	1 being tested	2	1-2
3 submarines	12	12	
5-6 coastal corvettes	2	6	5-6
6 ASW helicopters	10	14	
5-6 patrol boats	16	16	
3 mine clearance vessels	3	6	
Antisubmarine units from Coast Artillery for fixed and mobile underwater surveillance)	few areas covered	better coverage	increase required

ASW Search Systems Described

Stockholm MARTIN NYTT in Swedish No 2, 1987 pp 4-5

[Article by Torbjorn Hultman of the FMW]

[Text] Sonar systems are hydroacoustic search systems consisting of hydrophones--either active or passive--computer processing, and displays.

There has been revolutionary progress in the field of sonar technology over the past 10 years. The first generation of systems constituting the tangible result of that progress is now going into use all around the world.

It has now become possible to use even small platforms for gathering and integrating information from a large number of different sensors and, using the computer system's "intelligence," to select, combine, and display that portion of the vast flow of information which the operator can use.

What opened the door to this development was the substantial increase in signal processing capacity made possible by new computer technology.

Passive Systems

To begin with, that change influenced the development of passive hydroacoustic sensors. Those passive hydrophones can now cover the entire frequency spectrum right down to a few hertz. The ability to use even that very low frequency range makes it possible in many cases to achieve long--once inconceivably long--ranges in detecting targets such as submarines that are very quiet and difficult to detect at the higher "normal" frequency range.

The main problem in using this technology is that because of the long ranges involved in that waveband, there is a tremendous amount of information that one must listen to in order to filter out and "recognize" information of value.

Data Bank

To cope with that task, one needs to know what the interesting signals look like--one needs a data bank known as a "threat library." Each incoming signal must be compared with the contents of that data bank. This makes the need for very large memory and computing capacity stand out clearly.

An important requirement in the case of sonar systems is very accurate bearing determination not only to permit sufficiently accurate position finding but also so that the systems can distinguish adjacent objects from each other--for example, a torpedo from the target toward which it is being guided.

In order to use the low frequency range while also ensuring sufficiently accurate bearing determination, sensors of large physical dimensions--hydroacoustic antennas or arrays--have been developed. Examples of this are hydrophones towed on a cable (towed array sonars (TAS)) and also, on

submarines, long hull-mounted sensors (flank array sonars (FAS)). Those long arrays are typical features of the new sonar technology.

LOFAR analysis is used to evaluate low-frequency signals.

LOFAR

LOFAR is the English acronym for "Low Frequency Analysis and Recording."

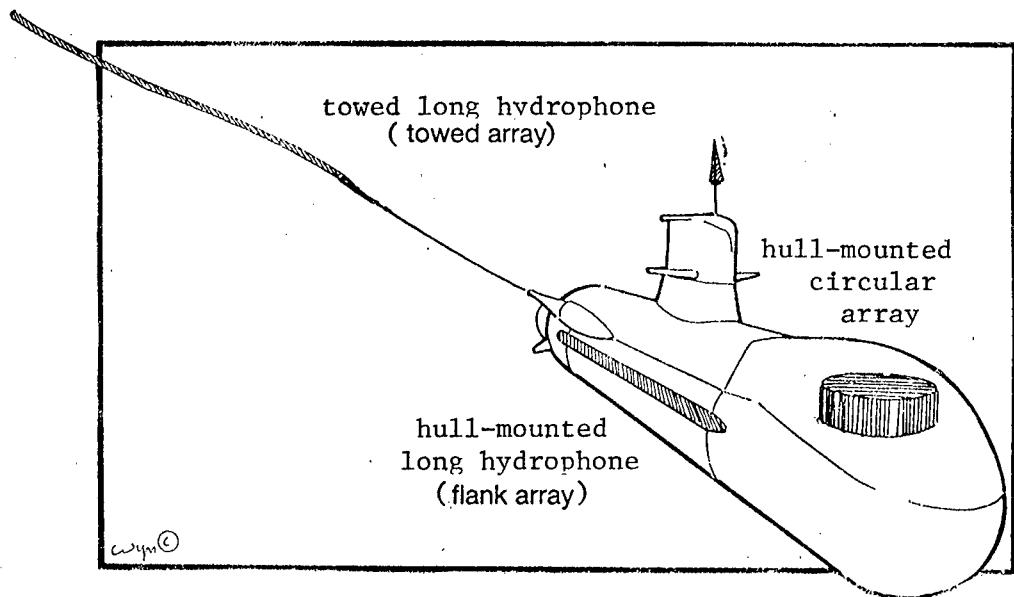
LOFAR is used by the operator as a tool for the:

- a) detection,
- b) classification (its main task), and
- c) localization

of sound sources, a function it performs by processing the signals received from passive hydrophone systems.

In this connection, "detection" means detecting and verifying a "new sound source" in, or most often out of, a normally interference-filled background.

"Classification" means distinguishing and determining the type of sound and perhaps its source through monitoring and analysis--that is, determining signal parameters and other characteristics and comparing them with experience data and other information.



Using the low-frequency range and ensuring very accurate bearing determination at the same time requires sensors of large physical dimensions.

In the case of a ship, for example, that analysis can provide various indications of the type of propulsion unit, type and number of engines, number of propellers and blades, revolutions per minute, gear ratio, special auxiliary engines, and so on. In the case of well-known targets with characteristic signatures, and under favorable conditions (an undisturbed environment and good signal-to-noise ratios), the process can even distinguish between individual sister vessels.

"Localization" here means a more or less accurate determination of position based on estimated bearing and range.

So far we have been talking about sonar systems carried on ships. But naturally, the technological progress in question here is also applicable to fixed seabed systems. One difference with seabed systems is that the size of the arrays can go even beyond the very long distances possible with a towed hydrophone.

Suitable Depth

A couple of other circumstances have guided developments toward sensors that can be dropped to great depths below the surface. A sensor that can be used at the optimal depth under current propagation conditions has a considerably longer range than a hull-mounted hydrophone.

The sensor can be placed at the most suitable depth using towed hydrophones, VDS [variable-depth sonar] systems, helicopter-borne hydrophones, sonobuoys, and submarine-borne hydrophones (with the submarine itself being stationed at the proper depth).

With towed hydrophones and VDS systems, there is the further advantage that the sensitive sensor can be placed at a distance from the noise interference produced by the platform ship.

But not even the large dimensions achieved with TAS are enough. To achieve the required accuracy in bearing determination, a very advanced system known as Adaptive Signal Processing is used.

Active Systems

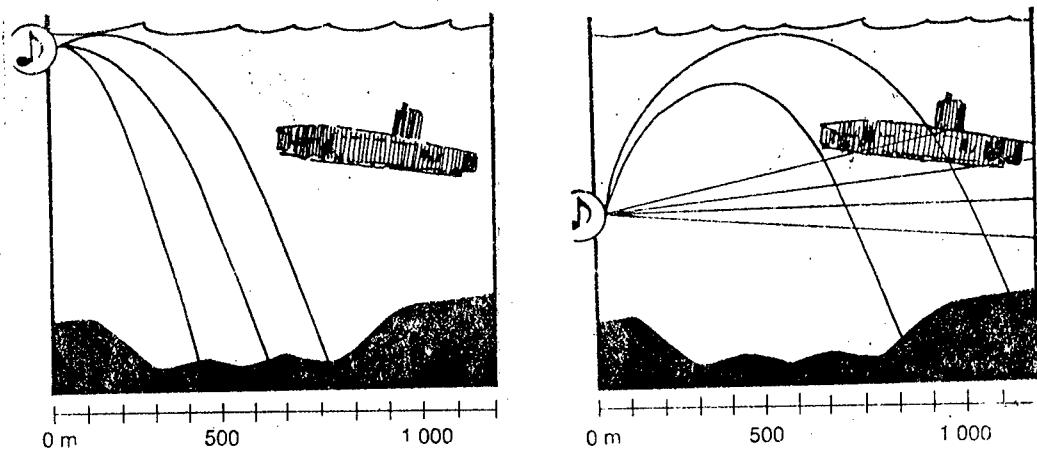
Rapid progress has also been made with active systems. In this case, however, the move has been toward the other end of the frequency spectrum, and even very high frequencies of from 100 to 500 kHz are used.

The purpose in doing so is to achieve better resolution--to make the hydrophone an "imaging" hydrophone. That advantage must be paid for with reduced ranges. In international developments, the production of high-resolution hydrophones has been guided by requirements in the field of minehunting.

The ambition has been to come up with hydrophones capable of finding objects on the seabed whose greatest dimension measures about 1 meter. Requirements

in civilian offshore technology have been leading in the same direction. As a result of those requirements, a large number of different firms have developed and are marketing high-resolution hydrophones.

It is obvious that there is an interesting connection between that development and our need to find small submarines lying on the sea floor inside the archipelago.



Underwater sound propagation with the transducer at a depth of 10 meters (the picture on the left) and at a depth of 50 meters (the picture on the right).

Reader on Search Shortcomings

Stockholm MARIN NYTT in Swedish No 2, 1987 p 5

[Letter to the editor by H. Alarik Wachtmeister; slantlines indicate italics]

[Text] The Swedish Navy's ASW capability was seriously neglected following the 1958 defense decision, and it is only during the past 5 years--since the submarine intrusions began receiving attention--that a laborious and gradual rebuilding has gotten underway.

Navy experts--regardless of nationality--agree that it is difficult to locate submarines in the Baltic Sea.

Even so, an objective observer cannot rid himself of the feeling that we are not making full use of the resources which, despite everything, the Navy has.

Probably the most effective way to hunt submarines is to use a submarine oneself. For safety's sake, one must have only *one* submarine of one's own within a given area--then any other submarine in the same area must be foreign. (It happened during both world wars that submarines were tragically sunk by other subs belonging to the same fleet.) It is not possible to use that method in Swedish inland waters (where there are so many distracting objects that a submarine torpedo might hit almost anything except its target).

On the other hand, that method is /very well/ suited to Swedish territorial waters--that is, the sea beyond Swedish inland waters.

But in our territorial waters at the moment--or for the moment, as one is tempted to add confidently--a Swedish submarine cannot fire a homing torpedo at an intruding submarine until the latter has first been warned. There is no such thing as a submarine commander who would hold his submarine still after such a warning to wait for the torpedo.

All a Swedish submarine can do today is search and--if successful--use its radio (thereby betraying its presence to the foreign submarine) to announce the target's position, then wait for the arrival of helicopters and surface vessels. That waste of time is more than sufficient for losing contact with the intruding submarine.

If the Navy is not allowed to use the torpedoes carried on its submarines in their hunt for intruding subs, we will probably have to wait a long time for the proof wanted by the OB. Torpedoes can of course be launched from surface vessels or helicopters, but a Swedish submarine has a much better chance of /getting off a shot undiscovered/ by lying in wait along some suitable "well-traveled path." The intruding sub's chances for taking evasive action would then be minimal.

Otherwise, we may have to wait a very long time: proof will not come until the intruder "trips over his own feet"--by running aground, for example, or because of an internal explosion.

Concealing the truth is an insult to the Swedish Navy (which is being made the scapegoat for the failures) and deceives the Swedish people. Especially since both superpowers know the truth. NATO and the Warsaw Pact /know/ that Sweden /can/ and therefore, for the moment, /does not want/ or does not dare to launch antisubmarine torpedoes from Swedish submarines to put a stop to the intrusions. One can easily imagine how much faith those two camps place in Sweden's ability and will to defend its territory /in wartime/ or when faced with the threat of war. The submarine intrusions are going to continue until we use all our available countermeasures. /Our present failure to take vigorous action--because we are afraid of an incident--may have much more disastrous consequences than an incident would/.

Fortunately enough, our four democratic parties all agree that a strengthening of our Armed Forces is necessary. But /in addition to that/, the Navy must be allowed to use its resources in the most appropriate way. That is a must if Sweden is to be regarded by the rest of the world with the respect we seek.

11798
CSO: 3650/126

INTRODUCTION OF AMPHIBIOUS BATTALION AIDS DEFENSE IN DEPTH

Stockholm MARIN NYTT in Swedish No 2, 1987 pp 8-9

[Article originally published in "FMV [Defense Materiel Administration] Annual Report, 1985-1986"]

[Text] Superpower military units for use in landing operations have evolved a great deal in recent years. Among other things, it is anticipated that to a greater extent than before, the aggressor will use our archipelago areas. For example, developments with helicopters, hovercraft, and even submarines are pointing in that direction. But even so, ships will remain the basis of the aggressor's transportation capacity.

The OB [supreme commander of the Armed Forces] stated in the 1982-1987 program plan that units with increased mobility and capable of mass deployment in the archipelago areas would be set up within the Coast Artillery. The Amphibious Battalion's makeup in personnel and equipment are determined by the three chief missions assigned to it.

One chief mission is to resist, from positions occupied beforehand, advancing landing ships that are attempting to push their way through an archipelago area. By acting as a mobile force and shifting between different battle positions, the battalion will evade counteraction.

Another chief mission is to wage the same kind of battle if the battalion arrives after the aggressor has occupied skerries in the vicinity of the waterways. The battalion must then attack to take terrain so that units for combating naval targets can operate.

In performing its third mission, the battalion operates in combat teams of commandos and [copy missing] way--that is, the traditional type of action by our commando units.

Reorganization of Units

There are types of units in the Coast Artillery today which, with new equipment and some reorganization, will form the framework of the Amphibious Battalion.

Those units are the following:

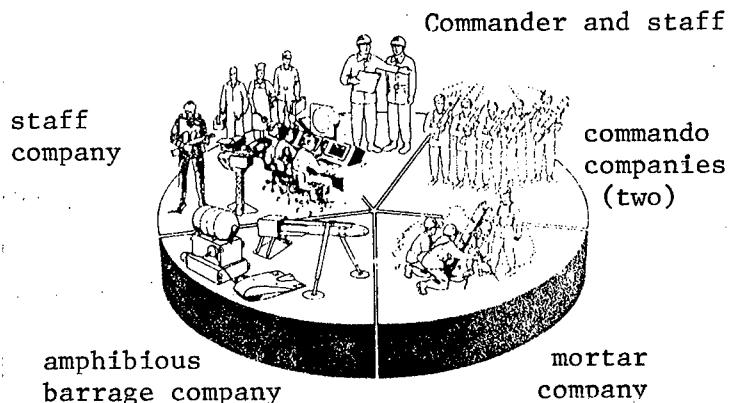
1. The Coast Artillery commando companies, comprising commandos, attack divers, mortar units, and supply and sea transportation units.
2. The mobile barrier companies, with Missile 52's, controlled naval mines, and supply and sea transportation units.
3. The mobile barrier battalions, whose gun batteries will be transferred to a so-called Light KA [Coast Artillery] Battalion with a number of batteries and whose Missile 52 units and controlled naval mine units will be transferred to the Amphibious Battalion.

Organization

The unit's method of combat makes clear a number of decisive functions, for example:

1. An advanced command system.
2. A highly mobile missile system for use against naval targets.
3. An easily managed naval mine system.
4. Easily managed support.
5. Advanced weaponry for the commando units.
6. Troop antiaircraft defense that can stand up to the helicopter threat.
7. Easily managed gunnery for use against naval targets for KA [copy missing].

Amphibious Battalion



Materiel Development and Procurement

Some of the materiel has already been delivered, but most of it is in various stages of development. To the greatest extent possible, the materiel is being procured jointly with other branches of the service, primarily the Army.

Squad landing craft, attack craft 90-Mindre, platoon landing craft, attack craft 90-Storre, and supply boats have been delivered or ordered in prototype. The requirements are high durability, good maneuverability, high speed, and low maintenance cost. Among other things, various plastics and composites or aluminum are being tried out in the hull, while tests are underway with water jets or so-called Arneson gears for propulsion. The weaponry being tried out is a 12.7mm machinegun with armor-piercing ammunition, intended chiefly for use against helicopters. The intention is that 30mm M-55 automatic guns taken over from the Air Force will be tried out as support weapons in the landing phase and then mounted on the 90-H and 90-S attack craft.

Testing and development are underway with personal equipment, quartering supplies, equipment for dogs, submarine mopeds, new controlled naval mines, marine rope construction materials, and so on.

Together with current deliveries for the KARTN battalions (12/80) and the recently ordered development of heavy shore missiles (RBS 15-KA's), the Amphibious Battalion is the equipment project which, except for activity in the field of antisubmarine defense, is now occupying the attention of Coast Artillery more than anything else, both at central headquarters and in the local units.

A subskimmer for transporting frogmen and divers above and below the surface may be something for the amphibious units of the 1990's. Everything is going to be tried, and only the best is good enough to ensure effective combat in the archipelagoes.

Brief Data on Subskimmer

Length: 5 meters.

Width: 1.8 meters.

Weight: 800 kg.

Range on the surface: about 100 nautical miles.

Range under the surface: about 4-6 nautical miles.

Speed: 20-25 knots (surface).

Crew: four.

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OFFICERS URGE FLOTILLA FOR WEST COAST WATERS

Stockholm MARIN NYTT in Swedish No 2, 1987 p 10

[Letter to the editor by Sven Hagstrom, chairman of the Goteborg Reserve Officers Association; Peter Olsson, chairman of the Coast Artillery Reserve Officers Association, Goteborg chapter; and Carl Krusell, chairman of the Swedish Navy Reserve Officers Association, Goteborg branch]

[Text] We reserve officers in western Sweden are deeply concerned over obvious shortcomings in the defense of western Sweden. In western Sweden there is a very strong concentration of civilian goods and resources which are of vital importance to the entire country. During last fall's labor market conflict, it was estimated that if there were a strike by harbor pilots, Sweden (except for the Goteborg area) would run completely out of gasoline within a couple of days! From the military standpoint, a pilots' strike can be compared to a blockade (for extortion purposes) or sabotage. Every other resource is open to exactly the same threat!

Swedish resources concentrated in western Sweden--such as fuel, electricity, food products, raw materials, semimanufactures, industrial, shipyard, and other capacity, and, lastly, skilled manpower--are naturally something that a potential aggressor knows the value of. Those resources are vital to success in warfare.

In the debate, a great deal has been intimated concerning the Navy's few (sometimes nonexistent?) ships. But there are manifest shortcomings in the Army and Air Force as well. Perhaps they are not as obvious, however, to the outside observer.

Those shortcomings cannot be linked solely to the shutting down of units that has already occurred. What we reserve officers regard as shortcomings are also found in preparedness against surprise attack and in the mobilizable wartime units! It is in those units that we perform our military duties--not in peacetime barracks.

According to a statement by the Defense Staff that was reported by the GOTEBORGS-POSTEN in connection with publication of the OB's [supreme commander

of the Armed Forces] program plan, not even higher defense appropriations will lead to improved defense effectiveness in western Sweden.

All the same, we have to start somewhere! Responsible persons or authorities cannot sleep peacefully at night until the following minimum requirements are met:

1. A flotilla in the western sea.
2. Increased capability in all peacetime units in western Sweden for checking their readiness for mobilization.

What we mean by that is seeing to it that their stores have the right equipment (procuring whatever is lacking) and that those stores are properly guarded and protected.

Sweden has about 17,000 career officers and 10,000 reserve officers. A reserve officer is not dependent upon the military authorities for his livelihood. He has accepted his responsibility out of a concern for society. In an emergency situation or in wartime, he will command up to 150 men and be responsible for expensive materiel!

In his everyday life, the reserve officer, like everyone else, is active in industry, trade, communications, education, administration, and so on. Having one foot in civilian life and the other in the Armed Forces, we feel that our combined know-how and the views we are presenting here are well worth consideration.

When the Nygaardsvold government returned to Norway from London in 1945, there was talk of impeaching it.

Why?

Inadequate defense appropriations and consequent shortcomings in defense preparedness in 1940?

Failure to order mobilization in sufficient time?

The fact that the successful Norwegian resistance movement was built up with no guidance or cooperation from the government in exile?

It seems urgent to us to express these thoughts on the eve of the 1987 defense decision! The shortcomings to which attention has been drawn must be remedied with "new" money--that is, higher defense appropriations. A reordering of priorities is not good enough.

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REORGANIZATION IN NAVAL COMBAT COMMAND SYSTEM DESCRIBED

Stockholm MARIN NYTT in Swedish No 2, 1987 p 12

[Text] Developments are making stiff demands for fast, certain, and coordinated action by our advanced Navy and Coast Artillery combat forces. The Naval Command organization has been designed to meet those demands.

The organization is to be adapted to the command of normally assigned combat forces in wartime and suitable for its command mission in peacetime and during emergencies. There is to be close correspondence between the setup in wartime and in peacetime.

The Navy commander in chief has recommended that a joint command and support organization for the Navy be established directly under each commanding general--that is, at the lower regional level. The result will be the setting up of four naval commands: in the west, the south, the east, and the north.

The organization on Gotland will stay as it is. It is assumed that the division of responsibility and methods of coordination will be based on the existing models.

As a backup resource at the lower regional level, a mobile naval command unit known as the Mobile Naval Command Staff (RML) with a staff unit is being set up to reinforce existing lower regional commands or, alternatively, to act as a reserve staff.

A command resource will be retained in the Sound for sea surveillance and for the command of local naval operations.

In wartime, the commanding admirals in the naval commands will be responsible chiefly for the following:

1. Command of naval operations.
2. Command of naval combat and area defense.
3. Coordination of naval engagements.

4. Command of territorial activity.
5. Command of sea surveillance.
6. Command of maritime traffic, fisheries, and the salvage service.
7. Command of the naval base and maintenance organization, the personnel administration, fieldworks, and fortification activity.

The maintenance organization will be restructured in that regional repair and maintenance units--naval command maintenance groups--will be organized in the naval commands at the time of mobilization, with the peacetime administrative organization and its repair shops providing the framework as far as personnel and materiel are concerned.

The maintenance organization at the local level--command and service battalions and brigade maintenance units--will be gradually restructured in the direction of a single joint structure for the Navy.

Peacetime Organization

In Military Commands South, East, West, and Lower and Upper Norrland, joint lower regional naval command organizations will be set up under the name of naval commands (MK's). Each naval command will be responsible, under the Navy commander in chief or the commanding general, for the following tasks in particular:

1. Command of preparedness activities and surveillance at sea and on land.
2. The productivity (either entirely or in part) and upkeep of ship, helicopter, Coast Artillery, and Army units.
3. Preparations for mobilization, military planning, and territorial duties.
4. Support for the Coastal Fleet's central training establishments and other such establishments as assigned.

The Coastal Fleet constitutes a training unit directly under the CM [Navy commander in chief], its mission being to provide basic training for ship's crews and to make combat-ready ship units available to the CMK [commanding admiral]. The CMK provides the Coastal Fleet with the required support and is also responsible for equipment maintenance in the rear.

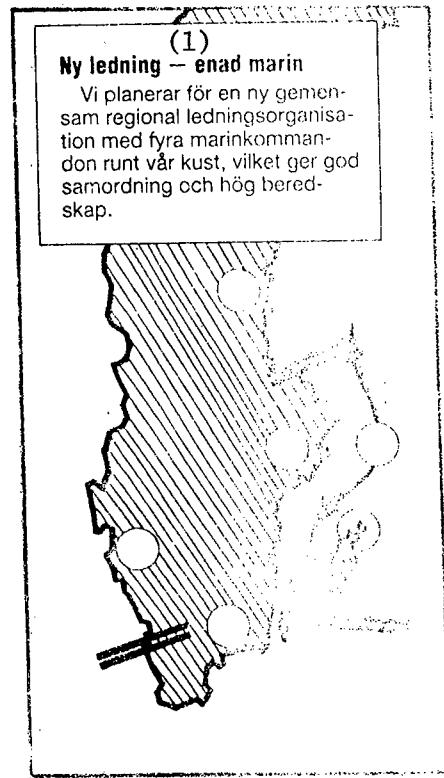
The Coastal Fleet Staff and the Coast Artillery Gunnery School Staff constitute the framework for the Mobile Naval Command Staff in wartime.

The Berga Naval Training Establishment (BOS), the Navy Officers College (MOHS), and the Coast Artillery Gunnery School (KAS) are training establishments directly under the authority of the CM. They are responsible to their respective CMK's with respect to preparedness, preparations for mobilization, and support functions.

Key:

1. New Command--Unified Navy

We are planning for a new joint regional command organization with four naval commands around our coast. This will provide good coordination and a high state of readiness.



The Gotland Coast Artillery Regiment (KA 3) will be retained as a center of authority and activity with its current responsibilities and position in the chain of command unchanged.

In the MKO, with its large mobilization area, special importance is attached to the makeup of its organization for mobilization and administration.

The new organization will result in relocations and new construction. The staff buildings on Vax Island in Vaxholm and Bla Port in Karlskrona will be abandoned. The necessary new construction and reconstruction will be carried out on Rind Island, on Musk Island, and in the Karlskrona naval port as well as at the present staff locations.

Pending a government decision, preparations will be made for making the changeover to the new organization on 1 July 1990.

Naval Command: "Navy 90"

Today we expend a lot of energy in the command structure on seeing to it that people do what they are supposed to be doing. We use a very small portion of our mental capacity actually working. Five percent is the figure that is usually mentioned.

The working environment of the 1990's—"Navy 90"—is aimed at helping people do what they want to do and can do with an eye to our common goals. If we

increase the utilization of our mental capacity from 5 percent to 5.5 percent, that will correspond to the thinking ability of 400 Navy people. Physically and practically, the possibilities are good for making better use of that capacity. Among other things, this is a matter of capacity-limiting habits and thresholds of work. But it is also a matter of the interplay between a sharpened mind and the capacity for action.

The path to "Navy 90": More knowledge of human nature leads a more effective exchange of information, a better understanding of goals, more purposeful cooperation, and greater defense effectiveness.

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ARMS EXPORT LAW SEEN LACKING CLEAR-CUT GUIDELINES FOR SALES

Case-by-Case Basis for Decisions

Stockholm SVENSKA DAGBLADET in Swedish 30 Mar 87 p 8

[Article by Torgny Hinnemo; first paragraph is SVENSKA DAGBLADET introduction; original paragraphing not strictly followed]

[Text] On Thursday the government will receive a specially commissioned report by Governor Bengt Gustavsson on how the marketing of Swedish weapons can be restricted to fewer countries. There is also discussion within the government at present concerning other measures for limiting Sweden's arms exports. SVENSKA DAGBLADET reports below on how the current rules have been applied by our various governments.

Swedish law does not give a clear-cut answer to the question of when exports of war materiel are permissible. Instead, it leaves it up to the government to balance out various interests politically. The reasons why Sweden says yes or no to arms exports are seldom exactly the same for two different countries.

"The government weighs a number of factors in making its overall assessment," says Jorgen Holgersson, acting war materiel inspector.

As a general rule, exports of war materiel by Sweden have been prohibited ever since World War II. The chief reason given in Parliament's guidelines is that Sweden's official foreign policy calls for working actively on behalf of peaceful solutions to conflict and international disarmament agreements.

Sweden would lose a great deal of its credibility in international circles if we carried on an unlimited arms trade.

The guidelines say that to some extent, respect for Sweden's policy of freedom from alliances also argues against exports of war materiel.

Case-by-Case Basis

At the same time, however, the government has always been able to grant exemptions to the law. Generally speaking, exemptions are granted in the case

of the Nordic countries and nonaligned states in Europe, more specifically, Switzerland and Austria. Where other countries are involved, the government decides on a case-by-case basis.

The chief reason for those exemptions is that Parliament feels it would be too expensive for the Swedish Armed Forces alone to defray the cost of Swedish production of defense materiel. This is expressly stated in, for example, the report on Swedish exports of war materiel which the government submits to Parliament every year.

Goran Orhem, a jurist with the War Materiel Inspectorate, says: "Conditions with respect to foreign and domestic policy in the recipient country are the most important factor when the government makes its decision on an export matter."

According to Swedish law, liberation movements can never buy arms from Sweden because that "would undermine the principle of noninvolvement." The right to buy Swedish arms has no connection, therefore, with which representatives of a people may have Sweden's official sympathy.

Nor, in principle, are governments in conflict with liberation movements supposed to be able to buy arms from Sweden.

Unfortunate Decision

But the practical application of that principle is a matter of dispute.

Mats Hellstrom says that the 1977 decision by the nonsocialist government to sell naval guns to Indonesia was unfortunate. At the time, fighting was going on in East Timor. Last year, the opposition movement in East Timor, FRETILIN [Revolutionary Front of Independent East Timor], leveled the same criticism at Mats Hellstrom, who has continued to sell those guns to Indonesia.

Also a matter of dispute is the fact that the government allowed the state-owned FFV [National Industries Corporation] to sell the Carl Gustaf recoilless rifle to Burma in 1982. The ministers in office before and after the change of government were Bjorn Molin (Liberal Party) and Lennart Bodstrom (SDP [Social Democratic Party]). Practically at the same time that the government made its decision, the Burmese Government began an offensive against that country's guerrilla movements.

When the government is deciding whether a country will be allowed to purchase Swedish arms, it also takes our traditional diplomatic relations into account.

"If Sweden has had long-standing contact with the country in question, that circumstance is taken into account," says Jorgen Holgersson, acting war materiel inspector.

As an example of a country with long-standing relations with Sweden, Holgersson mentions the United States. On the other hand, he says he does not believe Sweden should close its eyes to the fact that the United States has

sometimes been present in military conflicts just because we, for our part, depend on purchases of war materiel from the United States.

"I have not interpreted it that way."

Nigeria New Customer

India and Pakistan can also be included among the countries with long-standing ties with Sweden.

Holgersson says: "On the other hand, opening up a new market is a bigger step."

He admits that that assessment may be one reason why Bahrain on the Persian Gulf is not allowed to buy arms from Sweden. Bahrain is a very small country and for that very reason, among others, is probably not interested in starting a war. But it is situated in a turbulent part of the world, with the result that both nonsocialist and Social Democratic governments have interpreted the rules very strictly in Bahrain's case.

On the other hand, Sweden has gotten a big new customer in Nigeria, which bought 200 million kronor worth of Howitzer 77's in 1983.

The question of whether a weapon is solely defensive--that is, whether it can be used only to defend a country--is another important determination which the government must make.

Defensive Weapons Allowed

This is what Parliament's guidelines say:

"The general foreign policy reasons against exports do not carry the same weight as far as defensive weapons--coast artillery and antiaircraft materiel, for example--are concerned. Of course, not even defensive weapons should be exported to states involved in an armed conflict, but in all other cases, it should be permissible to export materiel that cannot be used to influence the existing crisis situation."

Missile 70, which obviously reached Dubai and Bahrain on the Persian Gulf sometime around 1980 in violation of the nonsocialist government's decision, is an antiaircraft weapon. That laser-guided missile is designed primarily to shoot down fast strike aircraft from the ground.

"It was assumed that the system was and is so defensive in nature that only very marginal restrictions would apply to its export," wrote Claes-Ulrik Winberg, then managing director of Bofors, in 1981.

Bofors' criticism of the way in which both the nonsocialist and the SDP government have interpreted the rules in connection with Missile 70 has remained the same.

"There are countries that should be allowed to buy weapons such as Missile 70 under the rules in effect," said Martin Ardbo in 1984. He recently had to give up his post as managing director of Bofors as a result of the current police investigation.

Jurist Goran Orhem of the War Materiel Inspectorate says, however, that it is not certain that in rejecting exports of Missile 70, the government actually decided that it was a defensive weapon.

"Political assessments are often the most important factor," says Goran Orhem. "If obstacles are detected in that area, there is no reason to continue with discussions as to whether a weapon would be used defensively."

Bofors Develops Systems

But the special rules on defensive weapons have been enough to allow Bofors to develop weapon systems which it hopes to sell mainly on the export market. Bofors is currently putting the final touches on an entirely new antiaircraft system called Trinity. The project has received no assistance from the Swedish Armed Forces, and Bofors is hoping to find its first customer abroad.

But Bofors has now included Trinity in Combat Vehicle 90, which the firm is designing at the request of the Swedish Armed Forces. If it is bought, purchases will not begin until the mid-1990's at the earliest.

Trinity is based on the classic Bofors 40mm antiaircraft gun, which is now found all over the world. Trinity's principal new components are a reconnaissance radar, a fire control computer, and a new shell with a longer range.

The guidelines that must be followed by the government also state explicitly that "the difficulties in a firm's planning which arise from the need to suspend deliveries already begun or contracted for must be taken into account, as must the effects on employment which may arise if the capacity that has been expanded to handle exports suddenly cannot be utilized."

As a result, the government should not revoke a valid export license unless the country in question is actively drawn into an armed conflict.

Nor is there any need for the government to jeopardize confidence in Swedish suppliers by halting exports of spare parts to a country that finds itself at war. In principle, a decision by the United Nations is needed before a Swedish Government is obligated to make such a decision.

Interpretation Under Scrutiny

The government's interpretation of that stipulation is currently being examined by Parliament's Constitutional Committee.

In 1977, the then nonsocialist government issued a license for exporting antiaircraft guns for patrol boats to Indonesia. That license was sharply

criticized by Mats Hellstrom, who was a Social Democratic MP at the time, and others.

In 1979, Mats Hellstrom again submitted a question in Parliament as to whether the government was willing to suspend arms sales to Indonesia.

Last year, the government issued another license to export antiaircraft guns to Indonesia. This time, Hellstrom himself was the minister in charge.

Hellstrom explained his action to the Constitutional Committee a year ago by saying that the license constituted "a follow-up to earlier commitments."

Tailor-made System

This year the same issue is again before the Constitutional Committee because Birgit Friggebo (Liberal Party) feels that Mats Hellstrom misled Parliament with his statement.

Hellstrom says, however, that by "earlier commitments," he was not referring to legally binding language in the contracts. Instead, the reference was to Parliament's guidelines on spare parts, where it is stated that they "are complementary to materiel already exported with the proper license."

When Indonesia bought Swedish guns in 1978, it also acquired a fire control and combat information system that was tailor made for the Swedish weapons. So in order to expand that weapon system, Indonesia must be able to buy guns from Bofors specifically, says Hellstrom.

"Inconsistent"

A similar argument was used by Birgit Friggebo's party colleague, former Minister of Trade Hadar Cars, in an Op Ed article in SVENSKA DAGBLADET in April 1980, where he talked about "consistent behavior." Cars also wrote:

"If a country has been allowed to buy guns from Sweden, it is inconsistent to deny it permission later to buy ammunition. If a country has been permitted to order warships from Swedish shipyards, it is inconsistent to halt delivery of the completed ships... Commitments made by a Swedish Government should not be broken just because the government may have changed unless there are extremely weighty reasons for doing so."

War materiel from Sweden can be sold only to a government authority or to an arms importer who has been approved by the authorities in another country.

Moreover, the purchaser must sign an agreement not to resell the products. As has been shown in previous SVENSKA DAGBLADET articles, compliance with those so-called end user certificates was less strict in the early 1980's than it is today.

That requirement for an end user certificate does not apply in the case of gunpowder or explosives.

<u>Swedish Exports of War Materiel, 1985-1986</u>					
<u>Country</u>	<u>Millions of kronor</u> <u>(round figures)</u>		<u>Country</u>	<u>Millions of kronor</u> <u>(round figures)</u>	
	<u>1985</u>	<u>1986*</u>		<u>1985</u>	<u>1986*</u>
Norway	252.0	413.0	United States	92.0	11.0
India	77.0	305.0	Japan	37.0	10.0
Finland	336.0	294.0	Yugoslavia	85.0	6.0
Singapore	307.0	219.0	Belgium	2.0	3.0
Brazil	89.0	181.0	Ireland	5.0	3.0
Pakistan	4.0	171.0	France	4.0	2.0
Italy	18.0	117.0	New Zealand	3.0	1.0
Denmark	87.0	102.0	Argentina	35.0	0.7
Indonesia	26.0	94.0	Ecuador	-	0.6
Malaysia	106.0	92.0	Romania	0.7	-
Australia	32.0	78.0	Ghana	1.2	-
Switzerland	70.0	67.0	Spain	2.0	-
Great Britain	112.0	45.0	Nepal	11.0	-
FRG	29.0	42.0	Greece	23.0	-
Austria	28.0	30.0	Venezuela	35.0	-
Canada	75.0	25.0	Nigeria	95.0	-
Holland	22.0	17.0			

* Preliminary figures

Sources: War Materiel Inspectorate (1985) and Central Bureau of Statistics (1986). The figures for 1985 include more commodity groups than those for 1986.

The table above shows Sweden's arms exports during 1985 and 1986. The Nordic countries, headed by Finland and Norway, are among the largest purchasers.

"The background is purely practical," said Mats Hellstrom when he was explaining Parliament's 1983 decision to the Constitutional Committee.

Same Wording

"Explosives are often input goods that are exported and then processed in the recipient country, where ammunition is produced. They are often a kind of raw material."

In other words, selling gunpowder to Yugoslavia is prohibited if from there it is sent on to Iran without further processing. But if, instead, Yugoslavia weighs the powder out into cloth bags--so-called powder bags--that are ready for use in artillery pieces, it may be in accordance with Swedish law for that gunpowder to be shipped on to Iran.

"In our declarations, we use the same wording as that found in GATT's rules on how to determine the origin of goods. The goods must undergo substantial processing if the transaction is not to be considered purely a resale," says Goran Orhem of the War Materiel Inspectorate.

Stricter Rules

"I do not want to make any interpretation of the law as far as powder bags are concerned. But if the gunpowder is used in antiaircraft ammunition with a casing and all the rest, that is very clearly a case of substantial processing."

On 2 April, Governor Bengt Gustavsson will submit a recommendation calling for, among other things, stricter regulation of the marketing of Swedish war materiel abroad.

Even today, however, a firm must, "generally speaking," contact the War Materiel Inspectorate before entering into discussions with a country outside the circle of Nordic and neutral European countries. "That contact is naturally important when it involves planned exports to politically unstable parts of the world."

Concerning cooperation agreements between Swedish and foreign manufacturers of war materiel, it is stated that generally speaking, Swedish firms may export components for joint production without restriction. At the same time, however, it is required that the government be very restrictive in approving foreign cooperation partners.

Long History of Problems

Stockholm SVENSKA DAGBLADET in Swedish 30 Mar 87 p 8

[Article by Torgny Hinnemo]

[Text] At regular intervals, the presence of Swedish weapons in the world's hot spots has received attention in the press and in Parliament. Committees have been appointed to plug the holes in Swedish export regulations, but little has actually changed.

In the late 1960's, Australian troops took part in the Vietnam War using the Swedish Carl Gustaf recoilless rifle. When the government found out, it halted exports to Australia of ammunition for that gun. But the Australian troops got their ammunition anyway--it was also being produced under license in Great Britain.

Resale Prohibited

At the same time, other worried purchasers of the Carl Gustaf gun put pressure on the Swedish Government, and in 1971, the current guidelines for exporting war materiel were adopted by Parliament. Standing behind that bill was then Minister of Trade Kjell-Olof Feldt. According to those guidelines, Sweden can continue to sell ammunition even to a country at war.

The 1971 regulations also required that a foreign purchaser promise not to resell Swedish weapons within 5 years.

When asked why the rules on reexporting were not made stricter, Kjell-Olof Feldt answered: "After that period, no one can track down the country of origin anyway."

The reaction in the defense industry was favorable:

Manager Per Odelberg of Bofors told SVENSKA DAGBLADET: "My impression is that rather than having been made more stringent, the regulations are now more closely adapted to realistic conditions."

In 1978, it was possible to read in Swedish dailies that countries which had not been able to buy Bofors guns from Sweden were instead buying the same guns from the FRG and Singapore, where they were being produced under license. One of the purchasers mentioned was South Africa.

Bengt Rosenius, who was war materiel inspector at the time, explained that two government commissions had failed in their job of getting control over licensed production.

"That would have meant interfering with legislation in the country concerned," said Rosenius.

"Requiring a license to sell manufacturing licenses is meaningless. It is easy to get around such a regulation by sending knowledgeable people from Swedish plants to work in the new producing country."

Increased Exports

In the summer of 1979, the West German magazine DER SPIEGEL published an article on how Sweden, "constantly busy as an apostle of morals," had increased its arms exports from about 300 million kronor in 1971 to 1.2 billion kronor in 1978.

In the fall of that same year, a parliamentary committee was appointed to check up on how well Parliament's 1971 guidelines had been complied with in practice. The committee members were also instructed to come up with recommendations in the wake of the so-called Telub affair.

State-owned Telub had sold a training package for 40 Libyan soldiers in Vaxjo. The technical training it provided was described, however, as being civilian in nature.

At the end of 1980, Bofors' arms exports were being scrutinized in the press just as they are today. One reason, among others, was information in international military directories saying that Bofors guns existed in South Africa.

The war materiel inspector, Olof Olin, pointed out at the time that South Africa could very well have bought spare parts and ammunition from other countries, since Sweden had no control over possible reexports or licensed production.

Statement on Controls

The Social Democratic Party congress stated in 1981 that parliamentary control over arms exports would be instituted and that Parliament would get an annual report on the arms trade. That decision was made on the proposal of MP Maj-Britt Theorin and against the party board's will. The middle parties expressed approval of the proposal.

Theorin also campaigned to give Parliament authority--like that enjoyed by the U.S. Congress--to oversee both reexports and licensed production abroad.

A revision of the 1971 regulations on arms exports took effect on 1 January 1983. The law was tightened up so that licenses for the production of weapons abroad would require government approval under the same terms as weapon sales. The same requirement was introduced in the case of military training.

The requirements covering so-called end user certificates were also made more stringent. Kjell-Olof Feldt's 5-year rule was scrapped, with the result that purchasers now had to promise that they would not resell their weapons at all.

At the end of 1984, Parliament also passed a resolution setting up a six-member parliamentary board to receive continuous information on the choice of countries, cooperation agreements with other countries, and major export deals.

In an interview with SVENSKA DAGBLADET that same year, War Materiel Inspector Carl-Fredrik Algernon summed up his experience under three governments of differing political makeups during the 1980's:

"My experience says that there is marked political unity on the question of exports. The regulations are the same, and their application has not varied."

List of Illegal Bofors Deals

Stockholm SVENSKA DAGBLADET in Swedish 31 Mar 87 p 6

[Article by Torgny Hinnemo and Roger Magnergard]

[Text] Bofors has supplied weapons and ammunition to several countries around the Persian Gulf in violation of existing regulations. This was confirmed by the group's management at a press conference on Monday.

"I cannot guarantee that there were not more deals. The police investigation will have to reveal that," says group chairman Anders Carlberg.

Bofors' parent firm, Nobel Industries, has issued a communique listing seven deals that were made in direct violation of the law or the spirit of the law.

1. Missile 70 to Bahrain: The contract for 161 missiles and 14 launching mechanisms--so-called field sights--was signed on 14 March 1978. On the following day, the government informed Bofors that the deal would not be

permitted to go through. Bofors then entered into a new contract with the Unicorn firm in Singapore, which in turn sold the missiles to Bahrain.

In connection with that deal, personnel from Bahrain were trained by Bofors personnel on several occasions both in their own country and in Sweden.

A new contract for more missile deliveries was signed by Bofors and Bahrain in October 1983. It seems, however, that those deliveries were never completed, probably because the Swedish Peace and Arbitration Association exposed the previous deal a few months later.

New Contract

2. Missile 70 to Dubai: The government informed Bofors on 22 March 1979 that Missile 70 could not be sold to the United Arab Emirates. The next day, Bofors signed two contracts with Singapore, one with the Ministry of Defense and the other with the above-mentioned Unicorn. Unicorn resold its 143 missiles and 13 field sights to Dubai in the United Arab Emirates. But the end use certificate was signed in the name of Singapore's Ministry of Defense.

3. Equipment via Switzerland: In 1983, Bofors' subsidiary in Switzerland received an order for Missile 70 radar equipment for Bahrain and Dubai. The Swiss firm then turned to a Dutch manufacturer.

Group chairman Anders Carlberg says that that deal, while not illegal from the Swedish point of view, was inappropriate. The Swiss subsidiary is now allowed to sell equipment only to the Swiss Armed Forces.

Licenses

4. Licensed manufacture in Singapore: Permission to assign licenses for the manufacture of Swedish-developed war materiel has been required since 1983. Despite that, Bofors sold such a license for the manufacture of guns without the government's permission.

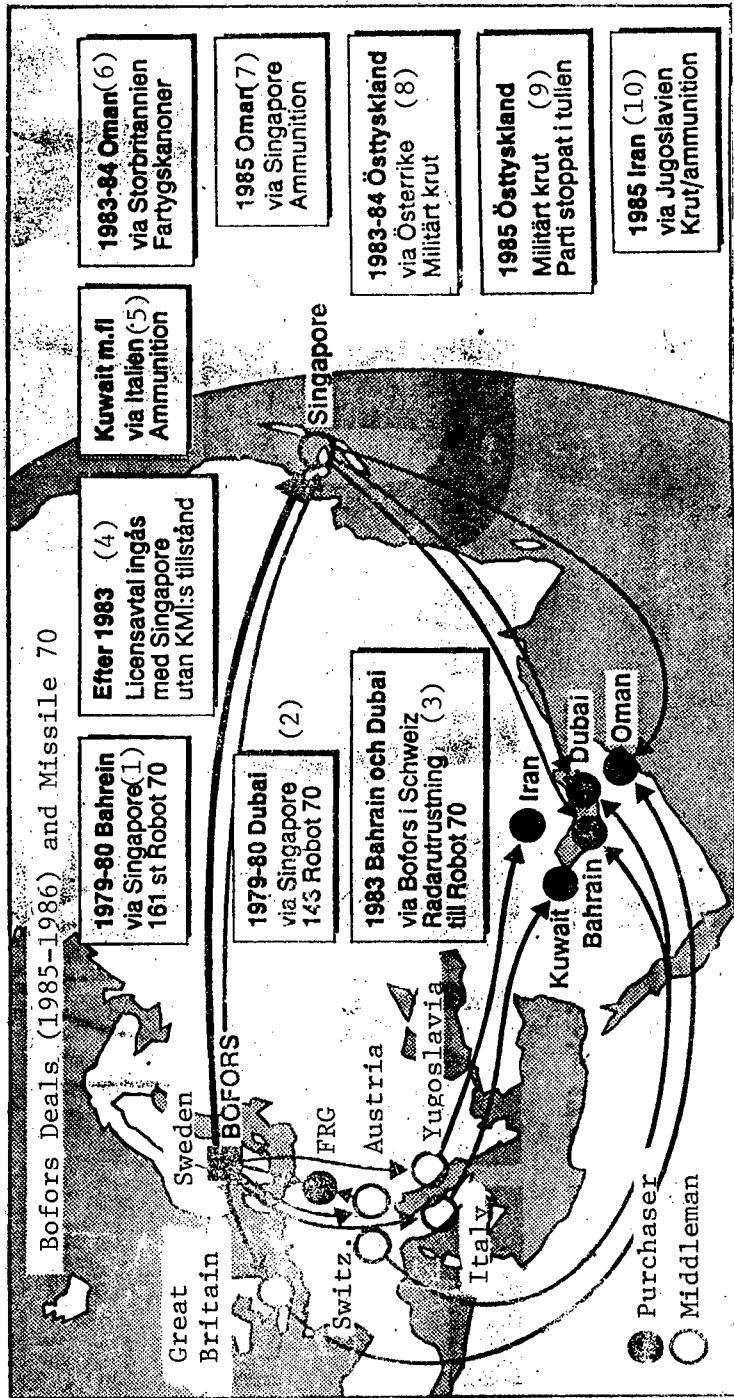
Nobel Industries has sent a lawyer to Singapore and feels it has received assurances that no guns will be resold on the basis of that license. The communique also says that the contract is not to be fulfilled without permission from Swedish authorities.

5. Guns and ammunition to Oman: Police are currently investigating a sale of 40mm naval guns to Oman via Great Britain in 1983 and 1984. Nobel Industries does not mention this deal in its communique. It does confirm, however, that Bofors sold ammunition for the guns by way of Singapore the following year.

The official responsible for selling the ammunition was forced to resign.

Italy as Intermediary

6. Ammunition via Italy to Kuwait and other countries: Still underway is an investigation into the sale of ammunition to a firm in Italy during the



Arms and ammunition from Bofors have spread over the world by many paths.

Key:

Key:

1. 1979-1980: Bahrain via Singapore, 161 Missile 70's
2. 1979-1980: Dubai via Singapore, 143 Missile 70's
3. 1983: Bahrain and Dubai via Bofors in Switzerland, radar equipment for Missile 70
4. After 1983: Licensing agreement with Singapore without KMI permission
5. Kuwait and others via Italy, ammunition
6. 1983-1984: Oman via Great Britain, naval guns
7. 1985: Oman via Singapore, ammunition
8. 1983-1984: GDR via Austria, military gunpowder
9. 1985: GDR, military gunpowder: shipment stopped at customs
10. 1985: Iran via Yugoslavia, gunpowder and ammunition

1980's. According to the auditors, some of those deliveries were probably sent on to prohibited countries, among them Kuwait.

7. Gunpowder to the GDR: In 1983 and 1984, Bofors sold military gunpowder to the Dynamit-Nobel firm in Austria. It is felt that at least part of that gunpowder has now been sent on to the GDR.

Another contract for 155 metric tons of military gunpowder for Austria was signed in December 1984, but it was stopped. Instead, Bofors' new affiliated company, Nobel Chemicals, signed three contracts with the GDR directly in the summer of 1985. Those three contracts combined were for the same amount as the one previous contract.

The gunpowder for the GDR was not reported as military gunpowder, however. It was reported as being a completely new civilian gunpowder for recreational shooting with the designation RP-13.

According to yesterday's communique, it has not been established that RP-13 is technically identical with the military gunpowder. Technicians at the FOA [Defense Research Institute] claimed, however, that it was the same, since part of the shipment had been confiscated at the end of 1985, and War Materiel Inspector Carl Algernon and prosecutor Stig L. Age agreed.

Admitted in Audit

The illicit deals that Nobel Industries has now confirmed are mentioned in an audit report on Bofors' arms exports during 1985 and 1986 and on all Missile 70's, including those manufactured in earlier years.

"The board of directors has decided to report on everything it has come up with," said Lars-Erik Thunholm, chairman of the board of Nobel Industries, when the communique was presented on Monday.

But in general, both the board of directors and managing director Anders Carlberg still decline to say anything about the deals from before 1985--that is, before Carlberg took over.

"A managing director is responsible for the control of his firm. That is why I ordered this audit," says Carlberg.

Gunpowder to Iran

One of the earlier deals which group management is still not commenting on is the above-mentioned sale of guns to Oman, which police are now investigating.

Another example is the sale of gunpowder by Nobel Chemicals to Iran by way of Yugoslavia, although a great deal is known about this case thanks to the businessman in Malmo who acted as middleman.

On the other hand, it is confirmed that police are investigating the resale of guns to Thailand and other countries via Singapore.

A number of contracts involving doubtful deals were canceled in the spring of 1985 just as the police investigations were starting. That cost the group "millions of kronor in damages," says Anders Carlberg.

Cheating With Certificates Admitted

Bofors management withheld the fact that Missile 70's had been reexported from Singapore to Dubai and Bahrain. Neither the War Materiel Inspectorate nor then Minister of Trade Staffan Burenstam Linder (Conservative Party) received full information.

That is admitted by former Bofors head Martin Ardbo. He also says that Bengt Rosenius, Carl Algernon's predecessor as war materiel inspector, knew about the reexports.

In the early 1980's, after information that Dubai and Bahrain had Missile 70's had begun circulating in international military magazines and reference works, then Minister of Trade Staffan Burenstam Linder became worried.

He telephoned Claes-Ulrik Winberg, who was group chairman at the time, and asked for a written guarantee.

"We wrote telling him that Missile 70's had been sold to Singapore, from which we had end user certificates," says Martin Ardbo.

"But that was a highly qualified truth. We knew the missiles had been resold to Dubai and Bahrain. Former War Materiel Inspector Rosenius also knew it."

But Burenstam Linder was not content with the letter. He sent Carl Algernon to Karlskoga to go over all the documents.

"He went over all the formal documents--invoices, certificates, and accounts--and was able to verify that everything seemed correct--at least on the books."

That meeting resulted in the drawing up of an official report in which Bofors certified that the missiles had been sold to Singapore. That report was signed with the consent of the group's management.

"Burenstam Linder then had a document getting him off the hook. At least that is how I understood it."

Declines To Answer

After the meeting, Algernon asked--off the record--whether Ardbo believed that there were Missile 70's in Dubai and/or Bahrain. Ardbo declined to answer.

SVENSKA DAGBLADET asked Ardbo: "Are you sure that the former war materiel inspector knew you had reexported the missiles?"

Ardbo answered: "Yes. And I also said so to Stig L. Age, the county public prosecutor.

SVENSKA DAGBLADET then asked Ardbo: "Didn't the politicians know anything about it?"

Ardbo: "During all my time at Bofors, my policy was to be interested only in the War Materiel Inspectorate [KMI]. That is where the export licenses come from in the form of a document. How the KMI later justified its decisions to the politicians did not interest me."

"Important That We Be Able To Sell"

SVENSKA DAGBLADET: "Didn't you ever discuss Bofors with politicians?"

Ardbo: "Oh yes, on several occasions. I would point out the importance of our being able to sell and export our products all over the world so as not to go under as a firm."

SVENSKA DAGBLADET: "But just between friends, didn't you ever tell anyone about the reexports to Bahrain and Dubai?"

Ardbo: "Well, I don't want to answer that."

Paper on Bofors Case

Stockholm SVENSKA DAGBLADET in Swedish 31 Mar 87 p 2

[Editorial: "Is Peace Restored?"]

[Text] Bofors and Nobel Industries are accepting all responsibility for the illegal deliveries of arms and ammunition to countries such as Bahrain, Dubai, Oman, and so on. Various high officials in the company are being pointed to as the guilty parties. There is no evidence that politicians or government agencies knew about or sanctioned smuggling by way of intermediaries.

That is how we can sum up the communique that Nobel's group chairman, Anders Carlberg, and its board chairman, Lars-Erik Thunholm, presented and commented on at their press conference on Monday afternoon. Carlberg was thereby denying last Thursday's attention-getting and remarkable press release from VECKANS AFFARER, in which he was said to have claimed that government officials knew about the illegal deals. He repudiated the statements made by Bofors' fired managing director, Martin Ardbo--statements that were repeated on Monday--to the effect that a former war materiel inspector approved of deliveries of Missile 70's to small states on the Persian Gulf.

As further confirmation of the firm's role and guilt, it was announced at the press conference that former managing director Claes-Ulrik Winberg was leaving the board of directors. That was demanded by Anders Carlberg in the much-discussed press release from VECKANS AFFARER--something that did no go over well with the chairman of the board. But Carlberg's will was carried out quickly, and there is reason to assume that he had the support of principal owner Erik Penser.

If what they say about the Bofors affair is true, that reduces its dimensions drastically. It means that the affair involves only mistakes committed by past Bofors managers without the knowledge of the board of directors, which is now cleaning house with its relatively new group chairman, Carlberg. Politicians and government agencies are acquitted. Moreover, there is nothing to prove arms deliveries to Iran. That would scuttle speculation concerning a link between arms smuggling and the assassination of Olof Palme.

Peace in the kingdom can be restored. What remains now is the legal inquiry into the behavior of Bofors officials.

Is that really so? Anders Carlberg undeniably gave the impression of wanting to lay his cards on the table. He told about hitherto unknown transfers of ammunition and other things to Oman, a country to which such transfers are prohibited.

But he scarcely had any choice. In this connection, it must be remembered that Bofors depends entirely on the government and government agencies for its activity. Thanks to Swedish defense orders, they are its biggest customer. It is also the government which issues export licenses. A Bofors in confrontation with those agencies will not be able to survive in the long run.

The fact that the firm's current management is putting the blame on the firm and exonerating politicians and government agencies may reflect the true state of things. But one must be aware that that is the desired response in political quarters. Not unexpectedly, Prime Minister Ingvar Carlsson is expressing his satisfaction with the communique from Nobel.

Nor do Monday's statements solve all the riddles. For the first time, Anders Carlberg told about his conversation with War Materiel Inspector Carl Algernon a little over half an hour before the latter's violent death in the subway. The conversation supposedly had to do with an illegal delivery of ammunition to Oman--one with which Algernon was in agreement, according to the responsible official at Bofors. The war materiel inspector had denied it, and according to Carlberg, no evidence against him had been found. The Bofors official was later fired.

But then why did Algernon commit suicide a short while later? At least that is how his death has been explained by police. Would a highly respected rear admiral jump in front of a subway train because of unfounded accusations by a Bofors official suspected of smuggling?

There are other question marks that were not entirely erased on Monday--for example, the failure by the Bofors and Nobel boards of directors to check out many years of reports that missiles were being delivered to the Persian Gulf. Perhaps the answer is simply that they trusted their firm's management. Maybe most of the other answers are equally uncomplicated and in line with the version presented by the Nobel's group chairman and the chairman of its board. But further doses of openness will be needed from both the firms and the government agencies before that version is accepted by everyone.

Arms Exports Importance Assessed

Stockholm SVENSKA DAGBLADET in Swedish 3 Apr 87 p 2

[Editorial: "Important Swedish Arms Exports"]

[Text] In this year's defense bill, the government follows the Defense Committee's example in emphasizing the importance of a Swedish war materiel industry, which has considerable military advantages and creates respect for our will and ability to pursue a firm and consistent foreign policy. The same viewpoint reappears in the report on the defense industry's foreign activity which Governor Bengt Gustavsson submitted on Thursday.

From that standpoint, the Swedish defense industry is uncontroversial except to those who want to disarm Sweden. During the postwar period, the firms have in fact worked essentially for the Swedish Armed Forces. Their production for export has been insignificant. As one example, Sweden is one of the extremely few countries that can produce advanced fighter aircraft. Even so, less than 10 percent of its production of such aircraft has gone to other states: Finland, Denmark, and Austria.

But conditions are changing. The cost of coming up with new weapon systems is rising constantly. At the same time, the financial situation of the Swedish Armed Forces has been growing tighter for a good many years. The Armed Forces simply can no longer afford to bear development costs or keep the production lines busy.

That leaves only a couple of possibilities. We can look for suitable cooperation partners abroad to share the burden, in which case we must also expect to see a larger share of production sold abroad. The alternative is that we will gradually be forced to phase out our defense industry piece by piece and eventually become totally dependent on imports from other countries. The latter alternative would be unfortunate from the standpoint of both security policy and industry.

Those problems are thoroughly analyzed in Governor Gustavsson's report. As expected, it recommends certain measures for tightening up the firms' internal controls, customs surveillance, and marketing. War materiel firms must not engage in active sales promotion in countries which cannot be considered for exports and thereby create difficulties in foreign policy for the government.

There is not much to be said about that. Arms exports are necessary, but obviously, they must be legal--that is, sanctioned by the government. They are a part of foreign policy and cannot be controlled by private firms.

Possibly more controversial are the recommendations concerning cooperation projects in connection with weapons. Here the report follows the line of reasoning adopted by the Defense Committee. In such projects, Swedish export regulations cannot automatically apply to the cooperation partner. Saying that in the current climate of debate may cause an uproar, but in fact, it is an obvious conclusion.

The need to be explicit on that point is due to efforts, especially within the Social Democratic Party, to increase our competence and independence in the field of aircraft missiles. As a first step, the plans call for working with a manufacturer in Great Britain to develop the radar-guided air-to-air missile now used on the Viggen--and which in that country is a rebuilt U.S. missile--so it can also be carried by the new JAS Gripen. At a possible later stage, a Swedish missile will be produced--in a project costing several billion kronor.

If we reject that type of cooperation, our only alternative will be to buy weapons directly from abroad. In the case under discussion, that means a U.S. missile that is now being tested. It is not a foregone conclusion that radar-guided air-to-air missiles are exactly what we should be investing large sums of money in, but the example illustrates the weighing out of factors which must be carried out in order to meet the requirements of Swedish security policy in the best possible way.

Those vital interests as far as our country is concerned must not be sacrificed in the passion of the moment and because some firm has broken the rules. Bengt Gustavsson's report recommends measures that will increase controls, but it does not throw out the baby with the bathwater. It provides a perspective that we must not lose sight of when isolated violations result in big headlines and excited media voices.

Government Tightening Licensing Procedures

Stockholm SVENSKA DAGBLADET in Swedish 3 Apr 87 p 8

[Article by Torgny Hinnemo]

[Text] The government should have far-reaching responsibility for all steps taken by Swedish arms-exporting firms. Its responsibility should cover everything from the first stage of marketing to supervision to ensure that the materiel reaches the right recipient country.

That is being recommended by Sodermanland's governor, Bengt Gustavsson, who has investigated Swedish arms exports on behalf of the government.

"These are such sensitive matters that it is inevitable that the government should come under fire," says Bengt Gustavsson.

His recommendation means, among other things, that the firms will be required to report their foreign marketing plans to the government. The government will then have the opportunity to prohibit marketing to countries which it considers unsuitable for arms exports.

No Guarantee

But if the government does not prohibit marketing in a particular country, that will not be a guarantee that the firm can sign an order later. The government will make a new evaluation without reference to the first one before the sale can take place.

According to the recommendation, it will also be illegal to put a foreign firm in charge of deals that are not allowed in Sweden.

Controls to ensure that Swedish arms and ammunition end up in the countries for which licenses are issued will also be tightened up.

The current end user certificates--that is, the written assurances from the purchasing country's government that the arms will not be resold--will still be required.

They will be supplemented by so-called arrival certificates that will be filed with customs by the purchaser to confirm that the goods actually reached the proper addressee. It is also recommended that customs controls be improved by requiring that export firms give ample notice when a shipment is to sent abroad.

It is recommended that Swedish missions abroad take an active part in determining whether the exported war materiel remains in the intended country.

Great Political Responsibility

It is recommended that the government have the unrestricted right to go in and inspect a firm's documents covering war materiel exports. This means that a government will be able to carry out an inspection even on the basis of very vague suspicions.

It also means that political responsibility for seeing to it that no irregularities occur will be very great.

Bengt Gustavsson emphasizes that the sharply increased responsibility being placed on the government must not reduce anyone else's responsibility.

"No one must have any possibility of throwing the blame on someone else," he says.

"The firms must in no way have the right to take a passive stance."

Among other things, it is recommended that the firms' auditors be given more responsibility for internal controls aimed at ensuring that exports of arms and ammunition comply with the established rules. That will give the firms' boards of directors an additional means of control besides the managing director's report. If the auditors discover irregularities, they will also be responsible for alerting the government.

The firms will also be required to provide their employees with training in export regulations.

The purpose of the study was to recommend a more effective system of controls. On the other hand, it was not intended to review the basic guidelines governing Swedish arms exports. It is those guidelines which determine which countries will be allowed to purchase arms.

But Gustavsson says in his report that if a purchaser signs an affidavit promising not to resell Swedish war materiel and then betrays that trust, such an act must have an effect on his ability to get new deliveries from Sweden.

Customs Recommendation

On Thursday, Minister of Foreign Trade Anita Gradin was already appointing a task force to work out the details of the recommendations affecting customs. The War Materiel Inspectorate's working methods and manning are also going to be overhauled without delay.

Increased Production Joint Ventures

Stockholm SVENSKA DAGBLADET in Swedish 3 Apr 87 p 6

[Article by Torgny Hinnemo]

[Text] Sweden is developing more and more of its weapon systems in cooperation with other countries. Between 1978 and 1983, as many as five such cooperation agreements were signed annually. The number of agreements since 1984 has averaged more than 14.

Technical development in all areas is moving toward more and more exchange, says Bengt Gustavsson, author of the study. This applies to weapon systems as well.

The alternative to more cooperation with other countries would be to purchase complete systems from abroad to a greater extent than is now the case. But that would be the same as making ourselves even less independent of other countries than we are now, he says.

Gustavsson points out that Sweden's ability to produce as many of its weapons as possible is one expression of our country's freedom from alliances.

Cooperation also creates problems, however, when jointly developed weapons with Swedish components are to be sold to others. The cooperation partner's view of who should be allowed to buy them may differ from Sweden's.

The report places all decisionmaking in the hands of the government. To begin with, it says the government should approve before Swedish firms can cooperate with firms in countries whose views on arms exports are similar to Sweden's.

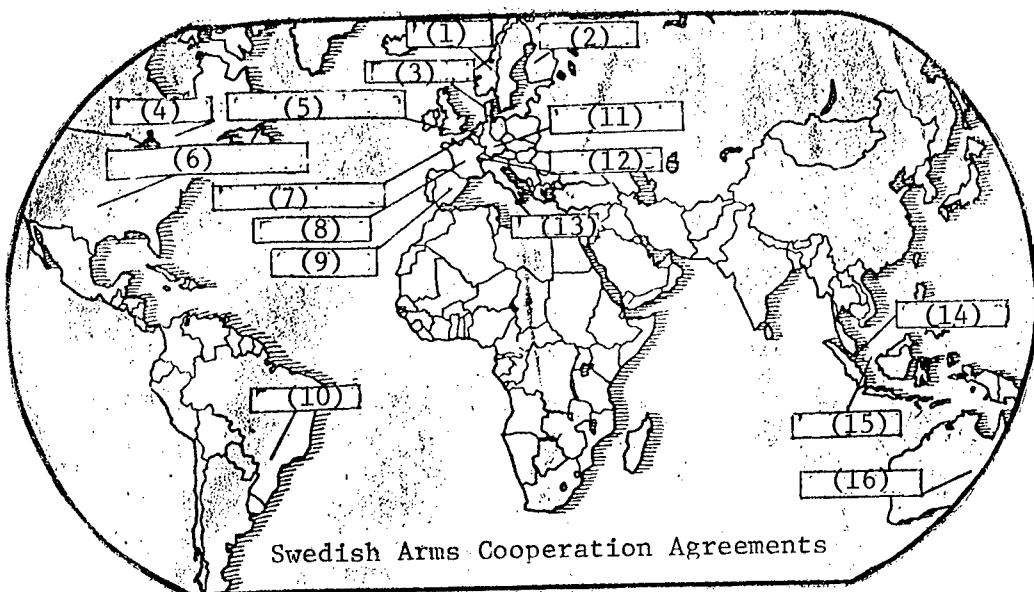
But it may also be necessary to cooperate with countries which view things differently, says the report. It will then be up to the government to establish special rules for that particular case.

The list in the report also shows that the 23 largest Swedish manufacturers of war materiel have a combined total of 17 partially or wholly owned firms engaged in similar activity abroad. Besides those in Europe and North America, there are two firms in Brazil and one each in Singapore, Australia, and India.

Most of those firms concentrate on marketing. Excluding the AOS in Singapore (and Bofors now intends to sell its 40-percent holding in that company), manufacturing is carried on in a Swedish-owned firm in Norway and another in Italy. Both firms are involved in electronics.

Over the past 10 years, an average of five licenses for the manufacture of Swedish war materiel abroad have been sold every year. But in 1982, when it became clear that government permission for the transfer of licenses would be required starting in 1983, a full 12 licenses were sold.

Most of the licenses for producing Swedish arms and ammunition are held by Singapore, which has 10. The other licenses are held in Europe, Brazil, the United States, Canada, Japan, and India. Among other things, licenses have been issued for the production of recoilless rifles, the related ammunition, and antitank mines.



Almost all cooperation agreements between Sweden and other countries cover arms and ammunition. Five agreements are concerned with defense electronics, and seven are concerned with special vehicles or gun mounts for weapons.

Key:

1. Norway: 6	9. Spain: 1
2. Finland: 1	10. Brazil: 1
3. Denmark: 1	11. FRG: 9
4. Canada: 2	12. Switzerland: 3
5. Great Britain: 10	13. Italy: 4
6. United States: 13	14. Singapore: 2
7. Netherlands: 3	15. Malaysia: 1
8. France: 3	16. Australia: 1

Gunpowder to East Germany

Stockholm SVENSKA DAGBLADET in Swedish 3 Apr 87 p 6

[Article by Bjorn Hygstedt]

[Text] In 1981, without government permission, Nobel Chemicals delivered a number of small shipments of explosives--mainly amyl--to the GDR by way of the Austrian firm of Dynamit Nobel.

That information has been confirmed to SVENSKA DAGBLADET by Goran Widen, who was marketing director at Nobel Chemicals at the time.

The deal was not mentioned in the earlier report presented by the Nobel group last Monday.

The deals followed a pattern that had already functioned well.

The shipments of explosives were supplied to the customer in the GDR by way of the Dynamit Nobel firm in Austria, for which Nobel Chemicals had obtained an export license.

"Not Well Informed"

"The operation was automatic, and there was an established procedure. I saw no reason to question it then," says Goran Widen, who himself was, in fact, informed of suspected violations by County Public Prosecutor Stig L. Age of Orebro.

According to his own statements, Goran Widen was not particularly well informed as to the details of how those deals were handled. He says that the sales unit worked "very independently." The head of that section at the time was Mats Lundberg, who admitted in Thursday's edition of SVENSKA DAGBLADET that he had assisted in the smuggling of military gunpowder to the GDR by way of Austria.

Obligated To Report

But according to Goran Widen, that way of doing business had been established by the previous sales manager, who has now left the firm. The former manager and Lundberg were both obligated to report to Goran Widen.

Like Lundberg, Goran Widen is unable to explain why Nobel Chemicals did not apply for a license to export directly to the GDR, since there is no ban on exports to that country.

"When you sit here later like this with the answer book in your hand, you clap your hand to your forehead at the realization of how things are."

Meeting With KMI

Did the War Materiel Inspectorate know about the "established procedure"?

"No. My direct contacts with Carl-Fredrik Algernon were limited to a meeting in the fall of 1982, when the two of us tried to come up with a way to distinguish between civilian and military gunpowder," says Goran Widen.

New Investigatory Commission Appointed

Stockholm SVENSKA DAGBLADET in Swedish 3 Apr 87 p 6

[Article by Elisabeth Crona]

[Text] To throw as much light as possible on the information concerning illegal Swedish arms exports--that will be the main task of the special citizens' committee.

The government decided on the terms of reference at Thursday's meeting.

The terms of reference state: "The commission will report on the stage at which deviations from the established rules occurred and on who participated in those deviations. The commission may also take up questions concerned with the decisionmaking process and principles governing supervision."

If possible, the commission's report is to be completed by yearend.

Some Exporting Necessary

As part of the terms of reference, Prime Minister Ingvar Carlsson provides some background to the decision concerning the new citizens' commission which will examine illegal Swedish arms exports:

"In order for the Swedish Armed Forces to have a satisfactory degree of self-sufficiency, some degree of exporting is necessary.

"At the same time, a general ban on war materiel is in effect in Sweden, one from which the government can grant exemptions under certain conditions. Examples of those conditions are that the importing country must not be involved in an armed conflict and that there must be no domestic disturbances there."

He refers to the parliamentary board and describes the various investigations already underway: the preliminary investigation by the public prosecutor, the police, and customs; the scrutiny by the Constitutional Committee; and Bengt Gustavsson's report.

Shedding Light

The immediate reason for appointing yet another investigating committee is explained by Ingvar Carlsson as follows:

"The discussion that has been underway concerning arms exports during the 1970's and 1980's has, however, assumed such dimensions and such a character that it is urgent to shed as much light as possible on what has really happened in this area."

But the commission will not enter the preserve of the judicial authorities; instead, it will provide "an overall picture of the course of events."

The commission, consisting of Olof Rydbeck (chairman), Kerstin Fredga, Nils Stjernquist, Gunnel Vallquist, and Bengt Wieslander, will be assisted by a staff of legal, diplomatic, and military-industrial experts.

Former War Materiel Inspector Criticized

Stockholm SVENSKA DAGBLADET in Swedish 3 Apr 87 p 6

[Article by Ola Sall]

[Text] The deputy chairman of the Constitutional Committee [KU], Anders Bjorck (Conservative Party), is defending himself against charges by acting War Materiel Inspector Jorgen Holgersson concerning leaks from the KU.

Holgersson has said that he deliberately withheld what he knew about arms exports to Singapore during the last KU hearing because of the danger that the information would leak out. He has been summoned to a new hearing next week.

Anders Bjorck says: "It is quite clear that Holgersson is going to tell everything he knows when he comes back on Tuesday.

"I am very surprised at Jorgen Holgersson's criticism. No secret information at all has leaked from the KU since the Telub affair in the 1970's."

Anders Bjorck himself has said that he is carrying on a campaign to let the KU hold public hearings and that his statements after the meetings should be viewed against that background. But he denies the report that he has revealed any information classified as secret.

Minister of Foreign Affairs Sten Andersson was questioned by the KU on Thursday concerning the expulsion of four Czechoslovakian diplomats last year. Among other things, that hearing was concerned with Andersson's accusations that SAPO [Swedish Security Police] had leaked information to the mass media. After the hearing, Sten Andersson was also critical of Anders Bjorck:

"I have always held the position, both when I was a member of the KU and now, that if when an investigation is underway, one should save one's opinions and statements until the investigation is complete."

Sten Andersson opposes the idea of holding public committee hearings.

Anders Bjorck also responded to Kjell-Olof Feldt's criticism that the KU is overstepping its authority by summoning private individuals to its hearings--

an example being Curt G. Olsson, head of the Scandinavian Private Bank, who testified in connection with donations to research by the banks.

"The great majority of people say that we should dig deeper and complain that we do not push ahead hard enough. Then some busybody or other gets upset because we are looking at too much.

"Feldt is way out in left field when he says that we summoned Curt G. Olsson, the head of the Scandinavian Private Bank. We didn't do that at all--he himself asked to come after we had summoned representatives of the Bankers Association."

11798
CSO: 3650/121

GERMAN SHIPBUILDING INDUSTRY STRUGGLES IN UNFAVORABLE MARKET

Downward Trend Continues

Duesseldorf HANDELSBLATT in German 4 Jun 87 p 6

[Text] The situation in the German shipbuilding industry continues to weaken considerably, according to FRG Economics Minister Martin Bangemann (FDP).

Speaking before the Bundestag Economic Committee, Bangemann identified the slump in domestic demand as the main reason for the problems of the shipbuilding industry which have grown dramatically since early 1986. Medium-sized shipbuilders in particular, who are almost entirely dependent on domestic orders, are facing increasingly larger difficulties, he said.

Larger shipbuilders, who reduced their capacity in recent years, are in a relatively better position. Their orders will extend at least into next year. These enterprises benefitted from the construction of special ships or the export of commercial vessels which receive shipbuilding assistance or are supported by special measures, he stated.

Experience in other European shipbuilding countries has shown that still higher subsidies are not an effective cure for a structural crisis like this one. Structural adjustment must continue, he said. Meanwhile, half of the 10,000 jobs, which, experts believed, would have to be eliminated, have been saved.

The Federal Government will adjust its comprehensive package of support measures, adopted in the fall of 1986, to meet the needs of the new situation. For instance, starting in 1988, competitive assistance will be granted for domestic and foreign orders; at the same time, aid to shipyards for the construction of commercial vessels in German shipyards will be discontinued.

The CDU/CSU believes that export subsidies, in particular, will ensure the increased competitiveness of the German shipbuilding industry vis-a-vis its competitors in the EC. They expressed satisfaction that emergency aid for shipyards approved by the Bundestag nearly two weeks ago will not increase the size of subsidies to shipbuilders. The SPD demanded that subsidies to German shipbuilders be equal to those of their EC competitors and that the coastal program be put into effect at an early date.

Additional Subsidies Approved

Duesseldorf HANDELSBLATT in German 21 May 87 p 22

[Text] In response to a motion filed by the coalition parties, the Bundestag has approved on Wednesday emergency aid to shipbuilders. Accordingly, the subsidy for ship construction will be increased immediately from the current 12.5 percent to 20 percent, and it will also apply to export orders. FRG Economics Minister Martin Bangemann (FDP) promised during the debate that orders received in 1987 would also be covered by this subsidy.

Bangemann stated, however, that subsidies would not save jobs in the long run. In recent years, 53 percent of all jobs in the FRG were lost in the shipbuilding industry, in France 46 percent, in Italy 53 percent, in the Netherlands 69 percent and in Britain an even higher 71 percent. The coalition factions expressed the view that higher incentives for exports must not increase the volume of subsidies. By doing so, the Federal Government is sticking to its stated political bottomline, he noted.

SPD Deputy Hans Koschnick referred to the, in his view, catastrophic slump in orders in the shipbuilding industry which, he said, was responsible for the demise of many small and medium-sized shipyards. FDP Deputy Manfred Richter supported emergency aid because many affected medium-sized shipyards have urgently asked for assistance. Speaking in behalf of the CDU/CSU, Deputy Wilfried Bohlsen said that increased subsidies and export promotion could reduce the competitive disadvantages of the German shipbuilding industry vis-a-vis their EC competitors.

HDW: Afloat Until Mid-1988

Duesseldorf HANDELSBLATT in German 12 May 87 p 15

[Text] The annual financial statement of Howaldtswerke-Deutsche Werft Inc. (HDW), Kiel, is once again in balance as a result of special revenues from the settlement an earlier business transaction, which has freed reserve funds, as well as of bookprofits from the sale of the HDW-Elektronik Corporation.

For the current year as well, HDW expects that, with a generally good work volume, their accounts will be in balance. This year, the company has simply mailed out its annual report for 1985/86 (as of 30 September) without holding the traditional press conference on the report.

Although HDW has not been spared the impact of the marked deterioration of business in the shipbuilding industry and hence has continued its determined efforts to adjust to changed market conditions, it describes its work situation in commercial shipbuilding and repairs as satisfactory. However, it was inadequate in terms of ship construction for the Navy. The firm has suffered losses in the area of shipbuilding and steel-girder construction.

In addition, the annual results were adversely affected by HDW's sale of its Ross plant in Hamburg to Blohm & Voss and by precautionary measures to protect against loan risks, especially in the case of one South American customer, and against risks stemming from ship participations. Orders on hand, listed as about DM2 billion as of 30 September, also reflected loss risks which the statement

reported at full cost.

In commercial shipbuilding, the firm supplied four container vessels during the report period (three of them to German shippers) and one ferryboat for the Federal Railroad. Such sales increased to DM363 million (from DM217 million during the preceding year) and, together with ship construction for the Navy, made a significant contribution to the 22 percent growth in revenue to DM862 million.

As for Navy vessels, the report lists the construction of one submarine as well as some work on five additional submarines and one frigate so that sales in this area reached a total of DM304 million (48 million). On the other hand, earnings fell off in ship repairs and structural alterations (from DM225 million to DM118 million) as well as in machinery and steel-girder construction (from DM219 million to DM77 million).

In shipbuilding for the Navy, orders on hand totaled ten units on the day of the report. Including a contract for the preparation of a feasibility study for the planned construction of six submarines abroad (this means Australia), HDW reports the volume of current orders in this area as DM1.16 billion. In commercial shipbuilding, the company was able to win contracts for five containerships after the report date. These orders are for the "ship of the future"-type of boat developed by HDW, whose operating costs are particularly low. This means, according to the report, that the shipyard will work at full capacity until mid-1988.

Total income was DM829 million, i.e., DM41 million less than in the preceding year, partly as a result of the settling of accounts and partly because of the sale of the Ross plant in Hamburg, which resulted in a DM57 million loss of assets, and which, together with the spin-off of the data processing division, had a significant impact on a 34 percent personnel reduction to about 4,800. Nearly 43 percent was left in gross income. Personnel costs were about DM303 million (DM407 million). The report explains that the decline in investments from DM24 million to DM14 million, which was slightly larger than planned depreciation, was due to the delay in measures designed to concentrate shipbuilding in the Kiel-Gaarden plant.

Bremer Vulkan: More Diversification

Duesseldorf HANDELSBLATT in German 20 May 87 p 13

[Text] After two capital increases during the past year, the board of directors of Bremer Vulkan Werk AG. in Bremen, is planning yet another increase this year. The annual meeting on 26 June will be asked to approve a capital increase from DM222 million to DM296 million by issuing new DM50 shares to be sold for DM90 a share.

This means that by raising another DM133.2 million, Vulkan's net worth base would increase to about DM490 million, according to a letter just distributed to the shareholders prior to the annual meeting. For the board, this is an important attempt to further protect the corporation's future in an environment weakened by the international shipbuilding crisis. The Hanseatic Industrial Investment Corporation (Hibeg)--the investment participation company of the Land of Bremen--has promised to pick up all shares not purchased by stockholders. According to the letter to the shareholders, the newly raised capital will make it possible for Vulkan to "provide the equity that is necessary to qualify for governmental

structural subsidies."

Currently, Bremer Shipyard, the parent organization of the Bremen Shipbuilders Association, has sufficient orders on hand to ensure the full utilization of its production capacity for new commercial vessels until well into 1988. In military shipbuilding, there is enough work until 1990. In addition, the shi[yard's boar is working on developing production lines unrelated to shipbuilding. Last year, the company supplied two burnt-gas desulphurization installations, one flood control lock and one magnetic corn for the FRG electron synchrotron as well as hydraulic high-power presses and pumps. However, these efforts as well could not compensate, to any significant extent, for the decline in shipbuilding, the annual report emphasizes. Nevertheless, the capital increase will be used to continue efforts in this direction.

The profit and loss statement for 1986 shows an annual deficit of DM92.1 that will be covered from legal reserves and the DM1.8 million accumulated surplus of 1985. Last year, Vulkan showed profits of DM0.65 million. Total earnings dropped from almost DM532 million to DM523 million, and gross revenue from DM195.7 million to DM170.9.

According to the Vulkan report, the revenue of the other association members-- with which there are no debt assumption agreements--reportedly vary: the Neue Jadewerft GmbH [New Jade Shipbuilding Corporation], Wilhelmshaven, as able to submit a positive balance and the accounts of the Schichau Unterweser Corporation, Bremerhaven, were in balance, while Lloyd Shipbuilding, Bremerhaven, had to accept a negative result. The letter to the stockholders mentions Seebeck-Werft, Bremerhaven, only in passing--the firm did not join the association until 30 March--and indicates that the company has submitted a balanced closing statement for 1986.

Seebeck Werft: Contracts Extend to 1988

Duesseldorf HANDELSBLATT in German 29 May 87 p 20

[Text] The financial statement of the Seebeck-Werft Corporation, Bremerhaven, shows that it is in balance. The annual deficit of DM3.9 million was covered by liquidating the legal reserve; there was no need to touch the capital fund.

The annual report of Seebeck-Werft states that the business situation, while satisfactory during the first half of 1986, was adversely affected by a lack of business in the second half of the year and that the subsequent need to put workers on short time undid the successful results of the first six months.

The total business volume of the shipbuilding company fell from DM365.5 million to DM331 million. Its sales increased by 2.9 percent to DM329 million. Its gross earnings fell from DM152.9 million to DM122.9 million. Due to a cutback in personnel by 189 to 2,088 jobs, labor costs dropped by DM5.2 million to DM111.5 million.

Seebeck's ship repair business went extremely well. After business had reached a high level already during the previous year, the Bremerhaven shipbuilder was able to up its earnings in that sector by another 21 percent. In ship alterations as well, the shipyard worked at capacity.

One Ro-Ro [roll-on-rolloff] passenger ferryboat, one canal ferryboat and one tanker for chemicals were either enlarged and technically updated. In addition, one of the firm's large drydocks was modernized and then sold overseas. Beyond that, the firm filled a series of other smaller alteration orders.

In new constructions, the company built three ships with a total tonnage of 58,598 GRT [x 100]. In 1985, it built eight ships with a total of 74,469 GRT [x 100]. The largest ship last year was the large 31,360 BRT [x 100] ferryboat "Peter Pan", built for the TT Line. Its sister ship "Nils Holgerson" was delivered in February 1987. Both ships are running between Trelleborg and Travemuende. The other two new constructions were a full-containership and a multi-purpose freighter.

Orders on hand ensure Seebeck-Werft's full employment until 1988. Currently, two railroad-and-trailer combination ferryboats for the Swedish shipowner Swedcarrier, which will be among the largest of their kind, are on the books, as are four alteration orders, for a total of DM170 million. The report emphasizes that the firm won these orders despite intense international competition and that several projects did not materialize due to distorted market conditions, despite the high technical quality of Seebeck-Werft's work.

A short time ago, the shipyard was working on an order to extend two canal ferryboats by 20 meters each. In addition, the board of directors also stresses that, besides its own orders for new construction and alterations, Seebeck-Werft is also participating in several orders which are subcontracts from members of the Bremen Shipyard Association. For instance, Seebeck contributed to alterations performed on the "Queen Elizabeth 2" in Bremerhaven's Lloydwerft. At the end of March, the Vulkan Corporation, Bremen, the parent organization of the association, acquired 89 percent of Seebeck's share capital; they started cooperating back in October.

Seebeck-Werft's total assets grew by DM3.8 million to DM267.8 million. Because of depreciation, the value of their tangible assets fell by DM5.8 million to DM53 million. Its financial assets increased from DM11.2 million to about DM20 million. Current assets total DM195.3 million (compared with DM193.9 million last year).

Its capital stock remained unchanged at DM33.75 million. Loan loss reserves were cut in half, from DM1.1 million to somewhat less than DM0.5 million. Reserves fell from DM31.2 million to DM25.9 million. Long-term and short-term liabilities combined came to DM141 million. The other liabilities shrank by DM13 million to DM66.7 million.

Jansen Faces Insolvency

Frankfurt FRANKFURTER ALLGEMEINE in German 8 May 87

[Text] The Martin Jansen Corporation shipyard in the eastern part of Friesland, which has been battling financial problems for a long time and, therefore, is now in the process of negotiating a loan guarantee with the government of Lower Saxony, was forced to submit a petition for reorganization. This has confirmed surprisingly fast the fears of the economics ministry in Hanover about the shipbuilding company's inability to overcome its current problems unscathed (FRANKFURTER ALLGEMEINE ZEITUNG of 24 April). According to Managing Partner Kurt Jansen, the reorganization petition became necessary because of unexpected

irregularities or manipulations uncovered during the preparation of the 1986 financial statement.

Although, as Jansen says, the damage to the shipbuilding company has not yet been clearly determined, an amount in the neighborhood of over DM7 million cannot be excluded. The insolvency caused by this and his intention to resolve these problems as fast as possible in order to spare the company even more serious damage, were his reasons for submitting the reorganization petition, Jansen said. At the same time, he confirmed in a conversation with this newspaper, that the shipyard, with its approximately 460 employees and DM120 million sales, had positive profit and loss statements in both 1985 and 1986. Also, there are, in his view, no financial problems. Existing old liabilities from depreciation transactions, Jansen says, are covered by reserves.

Furthermore, the board of managers in Leer expects a letter of credit to be issued within a few days as a down payment on an order from Iran. The Jansen Corporation will supply the Iranians with a whole series of fishing boats. The order, which would keep the company busy for an entire year, is for about DM200 million. The Land government guarantee will help finance this order, Jansen says. A lawyer, Hans-Richard Schulze, who has been designated to act as trustee of the arrangement, is now winding up the current orders. Also, Leer is already thinking about how the shipyard can stay in business with the help of a rescue company. Managing Partner Kurt Jansen, who also had been president of the East-Friesland and Papenburg chamber of commerce and spokesman of the board of the Association of German Shipbuilding Industry, resigned from these offices on the day he submitted the reorganization petition.

Schichau: Targets Exports

Frankfurt FRANKFURTER ALLGEMEINE in German 7 May 87 p 17

[Text] Although the Schichau-Werft, Bremerhaven, is not yet utilized to capacity for fiscal year 1987, the board of directors expects promising negotiations to culminate in the near future in an order for the construction of a new ship. The most important target group is again exports. Since the collapse of the German market for new ship construction, the most important target group is again exports. With total earnings of DM DM186.9 million (DM136.7 million), 1986 was a record year in the company's post-war history. This was the result of new ship orders that were larger than any previous contracts, and of alteration and repair projects as well as better capacity utilization in machinery and equipment.

7821
CSO: 3620/224

LOWER ECONOMIC GROWTH CAUSES GREAT PROBLEMS FOR CABINET

Budget Deficit

Rotterdam NRC HANDELSBLAD in Dutch 19 May 87 p 13

[Article by Jose Toirkens: "Objectives of Second Lubbers Cabinet Coming Under Great Deal of Pressure Because of Lower Growth"]

[Text] The Hague, 19 May--The disappointing level of economic growth expected next year presents the second Lubbers cabinet with major problems. Is it still possible to collectively achieve the most important objectives of the coalition agreement?

Those objectives are: a lowering of the deficit to 5.5 percent of the national income by 1990; maintenance of purchasing power throughout the entire cabinet term; curtailment of unemployment by 200,000 people by 1990; and stabilization of the public tax burden, also calculated over the entire period. The cabinet itself made its work somewhat more difficult after it took office by establishing yearly targets for two of these objectives. Unemployment is supposed to decrease by 50,000 workers per year, and this agreement specifies that the deficit is not to exceed a level of seven percent of the national income by 1988.

Major Risks

The achievement of these objectives was already threatened by a number of major risks that are without exception concealed in the coalition agreement. Financial relief, for example, is based on an annual growth in world trade of 5.5 percent, a figure that has not been sustained over a number of years in quite some time. In addition, economic growth was assessed rather optimistically at two percent a year, presumed interest rates were on the low side, and the exchange rate for the dollar was given as 2.25 guilders.

Achievement of the cabinet's objectives is being jeopardized now that a massively disappointing rate of growth is being anticipated for 1988, and this after developments in 1987 were less favorable than the cabinet had hoped. In the short term, the cabinet must make a number of choices.

Should there be more spending cuts or a tax increase in order to keep the deficit in line with the cabinet's schedule, or should the goals be (temporarily) abandoned?

Should the public tax burden increase, or should room be made for a tax cut in order to achieve the goal of lowering taxes and of creating the possibility of scaling down wages?

Should the curtailment of the unemployment figure by 50,000 by 1988 be pursued, or does the increase in unemployment estimated by the CPB [Central Planning Bureau] as a result of the worsening economic situation in fact constitute an alibi for temporarily shelving this objective?

Budget Deficit

Because of the drop-off in economic growth, the deficit is increasing to at least 7.3 percent of the national income. This increase can be curtailed if the cabinet abandons its plan to include government workers in the new unemployment legislation next year. This would result in an extra 550 million guilders for the treasury.

One disadvantage to postponing this move, however, is that social security premiums will increase. But this gain for the treasury is offset by an extra expenditure--which has not been added in--should the Second Chamber continue to insist, against the will of the cabinet, on a 1988 increase in vacation benefits for people drawing government assistance based on the principle of equal treatment of government workers and people drawing government assistance.

If all the members of the cabinet institute cutbacks corresponding to the adjustments that have been agreed upon thus far, then a balance figure of easily 2.5 billion guilders in additional cuts will still be necessary if the minister of finance sticks to a budget deficit of seven percent by 1988.

Friday, after the conclusion of the cabinet meeting, Vice Prime Minister De Korte said that he expected the setback in economic growth in 1987 and 1988 to be a one-time phenomenon. If, however, growth in 1987 and 1988 falls well below the level presumed in the coalition agreement, then it is very easy to figure out that the necessary annual growth in national income in 1989 and 1990 will amount to no less than three or four percent. Consequently, the economic situation will have to make a sharp turnaround in order to achieve these growth figures. If it is not possible to realize these growth figures, then it is all but certain that it will also be impossible to realize the objectives of the coalition agreement.

Minister De Korte did not link any conclusions to his statement to the effect that he expects the decline in growth to be a one-time phenomenon. If the decline is in fact temporary, however, then a pro-cyclical policy should not be pursued, as NCW [Dutch Christian Employers Association] director Weitenberg said recently. This means that extra cutbacks would be fundamentally wrong since they would further curtail short-term economic growth. The same is true

of the alternative to cutbacks: an increase in taxes in order to lower the deficit.

The question, however, is how much Ruding will continue to insist within the cabinet on the agreements concerning the level of the budget deficit next year. At this point, the Ministry of Finance remains a solid supporter of extra spending cuts. The Dutch budget deficit is at the same level as Belgium's. Only Italy does not outstrip us. The Ministry of Finance regards it as a failure of policy when the cabinet allows the deficit to go outside its own schedule. Even though this did happen during the first years of the previous cabinet (at least during the decision-making process; the schedule was kept to later), it was possible then for the cabinet to counter that with a cut in the public tax burden. Pursuing an unaltered policy now, however, an increase in the public tax burden can be expected.

Thus, the cabinet has nothing good to offer. That is a very unattractive position. Just as unattractive for the cabinet is the possibility that the opposition will say, you can't even straighten matters out like you promised.

Furthermore, the Ministry of Finance lives in fear that the international situation will force additional cutbacks if the cabinet itself forsakes these decisions this summer. The current account of the balance of payments is tending towards the negative side. Although the Central Planning Bureau is figuring on a slightly positive balance of payments in 1988, it attributes that to domestic influences.

A negative balance of payments leads to an adverse balance in savings. This has two consequences: first of all, the budget deficit becomes more difficult to finance than in previous years; secondly, there is the threat of a jump in inflation, pressure on the guilder and rising interest rates. This last factor in particular also means that the deficit becomes more difficult to finance in the future. With respect to the credibility argument, Minister Ruding is hoping for the support of the prime minister.

However, Lubbers must take several factors into consideration. The expected resistance by his ministers to more cutbacks is not the least of these. Such additional cutbacks would end up affecting the ministries' budgets. In the area of social services and government workers' salaries, there is almost nothing left to cut, since these expenditures have been reduced to a gross bottom line. New cutbacks would then have to result in a gross lowering of government assistance payments and of salaries. No one is willing to get burned on that one. But the heads of the ministries are not particularly inclined towards additional spending cuts. They made that clear during the decision-making process for the policy memorandum, in which a total overdraft of 1.9 billion guilders was mentioned, a figure that was later balanced out by the cabinet to 1.2 billion guilders after much trouble and toil.

The cabinet is faced with a choice between a short-term policy on the one hand that will not result in a further reduction of growth, but--if the economic decline does not turn out to be temporary--could delay government spending reforms even further, and on the other hand a policy that is good for the economy in the long run but further dampens economic growth in the short run.

It also appears that the factors of political and social feasibility will be playing a greater role than was the case in the first Lubbers cabinet.

The present cabinet has, in its statements and its coalition agreement--in contrast to the first Lubbers coalition agreement--again aroused positive expectations, among the people as well as among the individual ministers and ministries. It is always difficult for a cabinet to have to retreat from such a position.

Consumers' Purchasing Power

Rotterdam NRC HANDELSBLAD in Dutch 20 May 87 p 14

[Article by Jose Toirkens: "Cabinet Must Choose Between Budget Deficit and Purchasing Power"]

[Text] The Hague, 20 May--A great deal more political deliberation will clearly have to be carried out in the months ahead concerning not only the choice between the budget deficit and public spending, but also the choice between the budget deficit and purchasing power. The VVD caucus in the Second Chamber is sticking to the tax cut promised in a motion in March by the CDA and the VVD, while both the cabinet and the CDA caucus are distancing themselves somewhat from that position for 1988.

A tax cut is both a political and a financial problem. Minister of Finance Ruding, and in his footsteps Minister of Economic Affairs De Korte, assumes that it will be difficult to keep the public tax burden from increasing next year. In view of the agreements concerning the budget deficit, Ruding says, a tax increase would be necessary under the current circumstances were it not for the fact that such an increase would interfere with the achievement of another objective of the coalition agreement--stabilization of the public tax burden.

Purchasing Power Guarantee

When a majority of the Second Chamber used the Voorhoeve-De Vries motion in March to come out in favor of a tax cut, an annual purchasing power guarantee was linked to it. In its coalition agreement, the cabinet provides for only a purchasing power guarantee extending over the entire period. It now appears that CDA caucus leader De Vries no longer wholeheartedly subscribes to his own motion, judging from recent statements. This means that he will have to accept a decrease in purchasing power next year for a large part of the population, including those with low incomes. In contrast, VVD caucus leader Voorhoeve is adamantly sticking to a tax cut, as he said only last Friday at the VVD congress.

The tax cut in the Voorhoeve-De Vries motion is aimed at clearing the way for a reduction of wages in 1988 in order to improve the competitive position of Dutch exporters. This in turn is good for the employment situation, without it being at the expense of domestic trends.

Politics is now confronted with a paradox. Because of the (temporary) decline in economic growth, there is more reason for a tax cut than was assumed in March; at the same time, the economic recession makes it more difficult to finance such a cut.

The Central Planning Bureau estimates an increase in the public tax burden in 1988 of 2.5 percent. This involves an increase both in taxes and in social security premiums. The tax burden increases in association with negative correction for inflation. Correction for inflation as mandated by law requires an adjustment of withholding and income taxes brackets.

Since this regulation went into effect, the situation has always been one of price increases. The tax brackets had to be enlarged in order to prevent anyone from paying more taxes simply because his income rose in conjunction with inflation. This year, however, we are facing a drop in prices that must be incorporated into the tax tables next year. It is resulting in a negative correction. This means that the brackets will have to be reduced in size, and the population will be forced to pay more taxes.

Rising Burden of Premiums

The burden of social security premiums is rising in 1988 largely because deficits in the budgets of a number of social services must be offset by higher premiums for both employers and employees. Specifically, unemployment premiums and health benefit premiums must rise. The cabinet can still give itself an escape route by resolving that these funds can spread out their deficit reduction measures over the course of several years.

Another option for at least limiting the increase in the premium burden is contained in a bill that is currently before the Second Chamber. This would give the cabinet the option of forcing social services that still have significant surpluses, such as the health insurance fund, to lower their premiums.

However, there will be yet another increase in premiums, beyond the premises of the coalition agreement, if the cabinet decides to keep government workers outside the jurisdiction of the new employment legislation. The "pentagon" within the cabinet is in agreement with this because this increase in premiums would be accompanied by a gain for the national treasury of 550 million guilders in 1988. And this is what the so-called pentagon in the cabinet, under the leadership of Ruding, is pushing for most of all at the moment.

Even in view of all this inventiveness, it is not clear that stabilization of the tax burden will be in the offing next year. Within the cabinet, it is already being argued that this stabilization does not have to be accomplished by 1988. The objective in the coalition agreement relates to the entire cabinet period. An increase in the burden in 1988 is admissible provided that it is brought back down in the years that follow. The rising collective tax burden is nevertheless one of the VVD's arguments for insisting on a tax cut.

Where is there room for such a cut? The VVD caucus wants to use at least part of the 1986 tax windfall of two billion guilders, which will carry over into

later years. This windfall was quietly used by Minister Ruding in his letters to the cabinet in recent months to curtail the increase in his budget deficit in 1988, so that the agreed upon deficit of seven percent of the national income can be approximated as closely as possible.

However, the VVD caucus has let it be known that it will have nothing to do with the schedule for the budget deficit as drawn up by the cabinet itself. This could become an interesting political difference of opinion.

Solidarity Provision

What matters to the VVD caucus is the objective in the coalition agreement providing for a decrease over the entire period to 5.25 percent of the national income. In this position, there is thus room for allowing the deficit to exceed seven percent in 1988, provided that this increase is reversed in the years that follow. The VVD is thinking towards a repeal of the temporary "solidarity provision" in withholding and income tax. This was introduced in 1982 in order to save the Van Agt-Den Uyl cabinet, and has since then met the fate of every temporary tax measure: there is no longer any talk of repeal.

Besides the leeway that the VVD is claiming from the 1986 tax windfall, VVD specialists do not consider it inconceivable that, in keeping with trends in previous years, windfalls in income tax will also appear at the end of this year as a result of higher wages and consumption. A decline in economic trends makes it more difficult to anticipate such a development.

Voices are being raised in the cabinet in favor of tight adherence to the coalition agreement, which offers the opportunity to balance out losses and gains in purchasing power over the course of a number of years.

Sticking to the Voorhoeve-De Vries motion under the circumstances now expected for 1988 means that something must happen in terms of tax relief, certainly for lower-income earners. The need for a tax cut is intensified if the cabinet holds to the position that employers and employees must--voluntarily--scale down wages. This, after all, would lead to a greater loss in purchasing power.

The minister of finance is clearly considering applying the returns from recovery legislation (just under a half billion guilders) to a tax cut. This is at the expense of the budget deficit, because these returns were already taken into consideration in the coalition agreement. Ruding would be prepared to accept this tradeoff since the money would remain within the tax sector and its use would curtail the tax burden. His willingness also comes from his fear that other cabinet ministers will lay claim to the money in order to be able to avoid cuts in their own budgets.

He is not willing, however, to abandon his deficit objective of seven percent in 1988 for the sake of a reduction in taxes. The minister of finance does not have it easy in this position. He will no doubt recall that in previous years the choice between curtailing the budget deficit and maintaining purchasing power has often been resolved in favor of the latter.

Unemployment Reduction

Rotterdam NRC HANDELSBLAD in Dutch 21 May 87 p 17

[Article by Jose Toirkens: "Goal of 50,000 Less Unemployed Persons Per Year Is Increasingly Difficult to Achieve"]

[Text] The Hague, 21 May--Unless further steps are taken, unemployment will increase in 1988. This less than exhilarating prognosis by the Central Planning Bureau comes at a very inopportune moment for the cabinet, now that the spring deliberations with labor and management organizations is approaching.

One the one hand, a number of politicians are claiming to not be as pessimistic as the CPB. On the other hand, there are indications that the predicted negative trend is being seized upon in order to forego any concrete input into the deliberations.

The cabinet's objective is to decrease the unemployment figure by 50,000 a year. Action taken thus far has failed to yield the desired results. Added to this are the consequences of disappointing economic developments. More so than before, policy-makers are at present concentrating on the nature of unemployment in their views on what steps are necessary.

Two Groups

The unemployed are divided into two groups. First, the long-term unemployed with a very small chance of working again. Secondly, the approximately 250,000 unemployed persons for whom a job can be found within a reasonable amount of time (at least 6 months on the average).

There is growing doubt concerning whether the problem of long-term unemployment can even be solved through new employment measures. The small degree of success of employment plans thus far appears to reinforce the doubts of policy-makers in this regard. A consequence is that employment policy will be aimed primarily at steps for helping get the around 250,000 unemployed persons who have a good chance of finding jobs back to work more quickly.

Training programs are of undisputed value in this regard. The cabinet is willing to make instructors and space available, for compensation. Employers and employees are prepared to allocate part of the gap in wages to it. However, there must also be more employment possibilities. If labor becomes less expensive, then there is a good chance that there will be more employment possibilities. One of the difficulties here is wage reductions. The question is whether a substantial reduction can be achieved without the cabinet countering it with a tax cut, as the majority of the Second Chamber has requested.

The trade union movement is for the time being approaching the tax cut with caution. Whether this cautious attitude will remain, however, depends on other options that will increase employment in exchange of wage reductions.

One of these other options is a reduction in the so-called "wedge" (the difference between gross labor costs for the employer and net wages) by decreasing premiums for social services or taxes. At present, the predominant opinion in the cabinet is that it will be very difficult to keep public premiums and taxes from rising.

Another possibility is a redirection of the money that is now allocated to WIR [Investment Accounts Act] investment subsidies, through which capital is subsidized. This money would be of greater benefit to labor if it were translated into a decrease in employer social security premiums. However, opinions about this type of conversion are very divided, both within the cabinet and elsewhere. Minister of Economic Affairs De Korte is solidly opposed to a reduction of the base premium: it is bad for investments, especially now that economic growth is declining and a more curtailed growth in investments is expected in 1988.

Minister of Finance Ruding does not consider the WIR to be unassailable, but the only thing of value that he sees in it is a tradeoff for a reduction in corporate taxes. Prime Minister Lubbers and Minister of Social Affairs De Koning earlier this year indicated privately that they were in favor of a tradeoff for lower AWBZ [General Law for Special Sickness Costs] premiums for employers.

Labor and management are similarly divided. The VNO [Association of Dutch Companies] considers the WIR unassailable. The NCW [Dutch Christian Employers Association] takes a more flexible position. The VNO is afraid that if any tinkering is done with the WIR, the employers will soon lose a large part of the current level of WIR premiums. The trade union movement is seeking allocation of part of the present WIR money into structural training programs in particular.

The cabinet has agreed that it will not raise the issue of reallocating WIR premiums during its deliberations with labor and management organizations. However, it is indeed prepared to talk about it if labor and management bring it up. Nevertheless it appears unlikely--in view of all the opposition--that significant amounts of money will be made available from the WIR in the short run.

How then can more employment possibilities be created? The employers and experts from the SER [Socio-Economic Council] feel that one option is a reduction of the minimum wage. Within the cabinet, Minister Ruding is an advocate of this plan. But he cannot salvage it. Both Prime Minister Lubbers and Minister De Koning remain opposed to this type of reduction. The employers hail such a reduction because they expect that with a lower minimum wage, more untrained people will find jobs. In addition, they expect that this move would lower the level of all wages over the course of several years.

The cabinet will almost certainly refrain from making any promises on 2 June on possible tax relief in 1988 and on employment measures that will cost the treasury a great deal of money. Definitive decisions on these matters will not be made until this summer. It is even questionable whether the cabinet is

prepared to make a definite promise concerning maintaining purchasing power in the face of wage reductions. Such a promise could have major financial consequences, now that it is clear that even without wage reductions the purchasing power of employers cannot be kept constant through next year.

Thus, it seems more likely that the cabinet will appeal to the sense of responsibility of employers and employees while itself maintaining a cautious position. Only recently, Prime Minister Lubbers distanced himself somewhat from the targeted annual reduction in the unemployment figure by 50,000. Within the cabinet, more and more voices are being raised calling for sole emphasis of the promise contained in the coalition agreement to reduce the unemployment figure by 200,000 by the end of the cabinet term.

The failure to achieve the 50,000 figure is seen as a temporary problem, just as the dramatic fall of the dollar and the consequences of that development for the economy are considered a temporary problem. The cabinet is taking a chance on a substantial improvement in the situation during the second half of the cabinet term. In this way, it is aggravating the problems in the other part of that term considerably. Even with a growth in national income of two percent, as estimated in the coalition agreement, there still appear to be difficulties with reducing unemployment by 50,000 workers a year. If action is deferred in 1987 and 1988, leading to a further rise in unemployment, then the unemployment figure to be reduced in 1989 and 1990 remains at no less than 150,000.

In the previous cabinet, Lubbers bound his political destiny to the level of one million unemployed workers. That ultimately panned out favorably for him, thanks to a period of economic recovery. A similar commitment to a reduction of the unemployment figure by 200,000 by 1990 could very well have a different effect.

[Editor's note: This is the last in a series of three articles on the economic policy of the second Lubbers cabinet. The first two parts were published in this newspaper on 20 May and 19 May.]

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PARTIES SEEK TO IMPROVE CONDITIONS FOR FOREIGN RESIDENTS

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 11 May 87 p 12

[Article by I.N.A.: "More Help for Foreigners"]

[Text] The SPD caucus in the local city advisory council (Ward 8) is strongly advocating the appointment of a representative of foreigners for the city sectors of Heddernheim, Niederursel and Nordweststadt. The representative, to be elected by all fellow foreigners, is to be invited to attend the meetings of the city parliament for individual suburbs and will have the right to speak "on all questions," declared Friedrich H. G. Wehe, SPD caucus chairman, after a "hearing of foreigners." For the CDU, caucus chairman Ralf-Norbert Bartelt already announced legal misgivings. Michael Damian of the Greens demanded communal voting rights for foreigners. Through descriptions by foreign youths and adults, the council during the hearing wanted to gain insight into the situation of those "who otherwise have no chance of being heard in public," local chairman Helmut Gaertner (SPD) stated at the beginning.

Particularly young people, representatives of the so-called "second generation" of foreigners, drew attention to their own situation and that of their parents who often cannot express themselves sufficiently well in German. A young Turk urgently stressed the importance of having a sufficient number of German language courses available. He described the vicious circle leading from inadequate language knowledge to classification for special schools to poor chances in the labor market.

In order to help foreigners over their initial fears of authorities, it was suggested that special contact persons be hired for official offices such as the social office in Nordweststadt. The demand for more instruction in their mother tongue in the schools was also raised.

The catastrophic situation of living quarters for foreign families was described by a representative of the Nordweststadt Caritas Association. It came to some tumult in the city advisory council when a young Turkish woman demanded of the CDU caucus a commentary on the remark made by the present Minister of the Interior for Hesse, Gottfried Milde (CDU), in a CDU election campaign newspaper. After some urging and loud shouting, Ralf-Norbert Bartelt

stated: "I see no reason to distance myself from anything." Milde had advocated the expulsion of foreigners on welfare, or those committing criminal acts.

A remark by Hans-Willi Blomen (CDU) was also greeted with outrage. A woman had expressed her opinion that, because of her looks, she would continue to be discriminated against even if she adopted German citizenship. Blomen: "I don't understand that, there are many German citizens who also have black hair."

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DISPARITY SEEN IN WOMEN'S EDUCATIONAL, PROFESSIONAL CHANCES

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 2 May 87 p 1

[Article by Claudia Bergfort: "Workers' Daughters Are Still Advised Against University Studies"]

[Text] Daughters from working-class families remain modest in their selection of study fields. If they have finally taken the hurdle to be eligible for university studies, they usually choose careers in social pedagogy or want to become teachers. In academic careers with greater social prestige, such as architecture or engineering, one finds almost exclusively daughters from the upper classes, according to a study recently presented by scientists Erika Hoerning and Beate Krais of the Max-Planck Institute for Educational Research in Berlin. It finds that working-class daughters must be especially ambitious and determined in order to realize advanced educational wishes and professional goals. Far more than working-class sons, they have to deal with negative reactions by their parents and relatives.

Two-thirds (68 percent) of the female students from workers' families polled for this study, "Breaking out of normal lives, lives atypical of the background of working-class daughters," had initially encountered negative reactions to their decision to attend a university, while only a little more than one-third (37 percent) of their "brothers" had had to contend with that.

Half of the working-class parents had completely rejected the idea of university studies for their daughters, while only one-fifth of working-class sons and "upper class" daughters had encountered such rejection in their own families. A study states that higher education for working-class daughters is mostly suppressed in the families. On occasional visits to the family, the educational future of the daughter is not being addressed; rather, one talks about how the mother is doing, what she is cooking, and one helps out a bit in the kitchen.

According to the results of the study, "working your way up on your own" in working-class families is rather classified as a male trait. With girls, on the other hand, parents are afraid of losing their daughter through studies, or that she might end up unhappy. One of the women interviewed is quoted as an example: "My parents did not want it because it costs money and is simply not necessary." "Reading was also considered a waste of time, it wasn't done."

And further: "My parents are not interested in my education. It isn't ignorance; they simply do not dwell on such matters because they don't understand them."

The scientists write that, in making a decision in favor of studying, decisive influence was exerted on working-class daughters having attended night school by their trade union colleagues. Their encouragement had twice as often brought these women to break out of their "normal rut" than was the case with working-class sons, and daughters of higher social classes.

Among female students from working-class families, the researchers found a much greater willingness to engage in social policy issues than among male students of the same background. The women were much more frequently organized in trade unions, held positions as delegates, members of workers' or personnel councils, or were active in the women's commission or educational work of their trade union. Others were involved in parties and citizens' initiatives. The same extent of political commitment was also found among women from upper social classes, while working-class sons were much less active and also less organized in trade unions.

According to the authors, the "normal female biography," in which marriage and family play the central role, and where employment is given up after the birth of the first child at the latest, is meanwhile outdated. The lives of women today are complex and cannot be "standardized." This becomes clear by the fact that more than half of all women in the FRG between the ages of 25 and 54 are employed.

But in the eyes of the researchers this does not constitute equality between men and women in the workplace. Rather, the concept of a "woman's job" is a synonym for low pay, high psychological stress, a lack of career models, and low social regard. A woman's job is still considered secondary compared to family duties. For this reason, the course of women's careers is frequently characterized by disruption, part-time work and the assessment of her own income as "additional earnings." The social "lack of status" continues, although women today have achieved advanced degrees and have good qualifications.

The authors of the study write that among working-class children, after the micro-polls of 1972 and 1982, educational chances had clearly changed in favor of girls. For example, the number of working-class girls finishing secondary school (18 percent in 1972) had grown by 13 percent to 31.6 percent in 1982, while working-class sons had gained only 5 percent, from 16 percent in 1972 to 21.4 percent in 1982.

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NEW INTERNATIONAL AID PROGRAM DISCUSSED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 16 Jun 87 p 4

[Article by G.Z.: "Development Aid Through Training"]

[Text] The German Foundation for International Development (DSE), under the motto "Dialogue and Training," continues to carry on further training of skilled and leadership personnel. The president of the foundation, FDP member of Parliament Hoppe, spoke of the "vale of tears" from which the foundation had reemerged; by this he meant the dispute over the administrative and personnel structure of the foundation which has now been concluded with the appointment of former state secretary Soetje as deputy curator, and that of Professor Kevenhoerster as curator. The foundation is always looking for new focal points in order to do justice to the requirements of developing countries, as far as is possible with its limited funds.

In 1986, a total of DM76 million were expended for programs and seminars, which constitutes an increase of 5.3 percent. In 1986, 7,600 participants received continued training in 622 programs by the foundation. Among the new activities of the foundation is the question of how to preserve moist forest areas in the People's Republic of China or how to control the oversupply of medicines in African states. Before offering a new program, the foundation first seeks a dialogue with experts in the developing countries, followed by talks with those making the political decisions, and with institutions in the countries. The foundation tries constantly to answer the question of the purpose and objectives of new programs in order to change the planning, if necessary. The "program packages" had proven their value, such as assistance in developing foreign services or strengthening communal administrations, for example, in Guatemala and Honduras.

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